



**Suruhanjaya Sekuriti**  
Securities Commission  
Malaysia

annual  
report  
**2021**

2021

Securities Commission Malaysia

**ANNUAL REPORT**

**Securities Commission Malaysia**

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**MISSION  
STATEMENT**

To promote and maintain fair, efficient, secure and transparent securities and derivatives markets and to facilitate the orderly development of an innovative and competitive capital market.



# CHAIRMAN'S MESSAGE

# Chairman's Message

**Datuk Syed Zaid Albar**  
Chairman  
Securities Commission Malaysia



It is my honour to share the Securities Commission Malaysia's (SC) Annual Report for year 2021.

It has undoubtedly been another challenging year for the Malaysian capital market. Nevertheless, the domestic capital market grew by 3% to RM3.5 trillion in 2021 on the back of a robust capital market regulatory infrastructure, diversified market ecosystem and market participants' strong capitalisation levels. More importantly, the capital market continued to play its critical roles in financing the economy and intermediating savings with notable increase in fundraising activities and encouraging growth of the overall fund management industry.

In the past year, the SC worked closely with Bursa Malaysia and key stakeholders to help businesses recover and rebuild from the economic impact of

COVID-19. Various regulatory reliefs for the market and listed companies were extended while the SC adjusted its strategic priorities to ensure the capital market remains fair and orderly, and emerging risks are monitored effectively. We continue to advance our development initiatives particularly in promoting the sustainability agenda, growing the Islamic capital market (ICM) and harnessing innovation.

The SC also released the *Capital Market Masterplan 3* (CMP3) in the second half of the year. This will set the tone and direction for development and regulatory initiatives for the medium term. I am confident that CMP3 will engender a market ecosystem that is relevant, efficient, diversified and inclusive.

## PROTECTING INVESTORS AND UPHOLDING CORPORATE GOVERNANCE

Investor protection efforts over the past year focused on combating unlicensed activities. Actions taken against unlicensed activities and unauthorised operators include issuing 24 cease and desist orders to persons carrying on unlicensed investment advice, 13 administrative sanctions via reprimands and directives, and blocking access to 143 websites via the Malaysian Communications and Multimedia Commission (MCMC). An internal taskforce was also established to investigate investment scams and clone firms which reviewed 159 bank accounts that identified 32 persons of interest.

We continue to deliver key investor education programmes via digital channels. Digital literacy programmes for seniors and online InvestSmart® series were also held to narrow the digital divide.

The SC continued to exercise its enforcement powers for breach of securities laws using the broad range of enforcement tools available under securities laws, namely, criminal prosecution, civil enforcement action, issuance of compound and administrative sanctions. In 2021, through our civil enforcement action we restituted RM2.7 million to 721 investors who have suffered losses as a result of such breaches.

Given sustained market volatility and uncertainty, we enhanced market surveillance capabilities during the year, including more extensive monitoring of corporate bonds and take-over activities. Regular supervisory assessments and thematic reviews were carried out to monitor the liquidity position of our intermediaries and determine their ability to absorb redemption pressures.

During the year, we also updated the *Malaysian Code on Corporate Governance* (MCCG) taking into account changes in business structures and the importance of sustainability considerations moving forward. I am also happy to report that we initiated our first collaboration with the academia through the delivery of several

lecture series on corporate governance to tertiary students. The SC's *Corporate Governance Strategic Priorities 2021-2023* (CG Strategic Priorities) represents another step forward in advancing board leadership as well as embedding environmental, social and governance (ESG) considerations into domestic corporate practices.

## FACILITATING MARKET ACCESS AND DIGITAL ADOPTION

Broadening access for issuers and investors continues to be a key development priority for the SC. This entails encouraging an innovative and effective fundraising and investment environment that supports a diverse and complementary range of products and services.

Access to funding for micro, small and medium enterprises (MSMEs) remains at the forefront of growth initiatives. Since the introduction of equity crowdfunding (ECF) and peer-to-peer financing (P2P financing) platforms, a total of RM2.7 billion has been raised for more than 4,000 MSMEs. Efforts over the past year include expanding the types of eligible issuers for ECF as well as increasing ECF fundraising limits. The *Shariah Screening Assessment Toolkit for the Unlisted Micro, Small and Medium Enterprises* was also issued to assist them in undertaking Shariah-compliant financing.

Fundraising through the conventional equity and bond markets saw a marked increase to RM130.9 billion in 2021. The SC continued to enhance access for initial public offerings (IPOs) with Bursa Malaysia authorised as the one-stop centre for ACE Market listings effective 1 January 2022 and revisions made to the special purpose acquisition company (SPAC) framework.

In response to growing investor preferences for diverse and alternative products, the SC widened the categories of sophisticated investors and increased the list of permissible investments for the RM526.9 billion unit trust industry.

Digital assets continued to appeal to individual investors, with overall trading value close to RM21 billion. Bitcoin Cash was the newest addition to the range of permissible digital assets. The SC also approved new digital market platforms and intermediaries to expand distribution channels and product offerings. In addition, FIKRA Islamic Fintech Accelerator programme (FIKRA) was launched to scale up innovative solutions for Malaysia's RM2.3 trillion ICM.

## ADVANCING A SUSTAINABLE CAPITAL MARKET

The desire for sustainability practices continues to be a driving force for change, with expanding global interest in sustainable finance. In the Malaysian context, sustainability initiatives focused on encouraging sustainable and responsible investments (SRI), green financing, as well as complementary Islamic products and services.

In building a vibrant domestic SRI market ecosystem, various enablers were put in place such as the establishment of the Joint Committee on Climate Change (JC3), which the SC co-chairs with Bank Negara Malaysia (BNM), SRI Taxonomy, guidance on climate risk management and scenario analysis as well as climate risk disclosures. At the regional level, the SC and other fellow regulators are in the midst of consulting stakeholders on the ASEAN Taxonomy for sustainable finance.

The growth of green and transition financing as well as Islamic financial solutions will be crucial for sustainability efforts to succeed. Towards this end, the SC developed the NaviGate programme to enhance awareness of green financing and to match corporates, including MSMEs, with suitable financing solutions. In terms of Islamic social finance, there was continued traction in *waqf*-featured funds, with 4 funds issued under the Waqf-Featured Fund Framework as at December 2021.

## MOVING FORWARD IN 2022

Prospects of a better year for the Malaysian capital market are predicated on sustained domestic economic recovery. The implementation of CMP3 initiatives will also provide further impetus to market activities. The SC will remain vigilant in navigating the year ahead as there remain several challenges which can potentially exacerbate market volatility and affect sentiment.

Technology will continue to be a key driver for market growth and development. Internally, the SC's technology roadmap will accelerate the adoption of machine learning capabilities and supervisory technology (SupTech) to enhance the effectiveness of our regulatory functions. However, as online tools and regulatory technology (RegTech) solutions gain acceptance within the industry, it is important to take cognisance of risks arising from the use of technology and cyber threats.

The SC's adoption of an enhanced risk governance framework had strengthened the effectiveness of our oversight and monitoring of potential systemic risks. The framework, which integrates conduct, technology, and cyber risks into existing risk assessments, allows for better detection of risks with market-wide implications.

We will also continue with efforts to expand fundraising avenues for MSMEs, including facilitating access to the domestic corporate bond market. Such measures are essential to support a recovery in economic activities going forward.

Promoting financial well-being will be another area of focus. The SC will be working closely with the industry to enhance the diversity of investment and retirement products. In this regard, the delivery and penetration of financial education and investor outreach programmes will be expanded beyond Kuala Lumpur and the main cities. The SC's 'Agen Bijak Labur Desa' and 'Digital Clinics for Urban B40' will target vulnerable segments

of the population, especially the rural communities, senior citizens and urban poor, to equip them with the knowledge of investment risks and opportunities and tools to identify scams.

In 2022, resources will also be expanded to drive the implementation of the SC's 3-year CG Strategic Priorities. This includes close collaboration with the government and private sector in driving diversity on boards, enhancing sustainability disclosures and continuing our programme with institutions of higher learning to inculcate good CG among the youth. I believe the CG landscape will be strengthened with the roll-out of various *Perkukuh Pelaburan Rakyat* (PERKUKUH) corporate governance initiatives for government-linked investment companies (GLICs).

Sustainability considerations will also permeate a wide spectrum of capital market activities. The SC will roll out several initiatives to support industry adoption of sustainability considerations and disclosures including the SRI Taxonomy framework and guidance note on ESG risks for fund managers.

As businesses and capital markets start to rebuild, the height and steepness of our recovery trajectory rest on our collective effort, commitment, and collaboration. Co-operation and engagement with other regulators and law enforcement agencies within and outside Malaysia are equally important to ensure that the SC discharges its regulatory responsibilities effectively in order to maintain the integrity of the capital market.

My sincere thanks goes out to past and present members of the SC Board and the SAC, Executive Team members, and the SC staff who continue to exemplify the utmost professionalism and passion for their work. With their dedication and support, I am confident that the SC will be able to deliver on what it sets out to do this year and beyond.

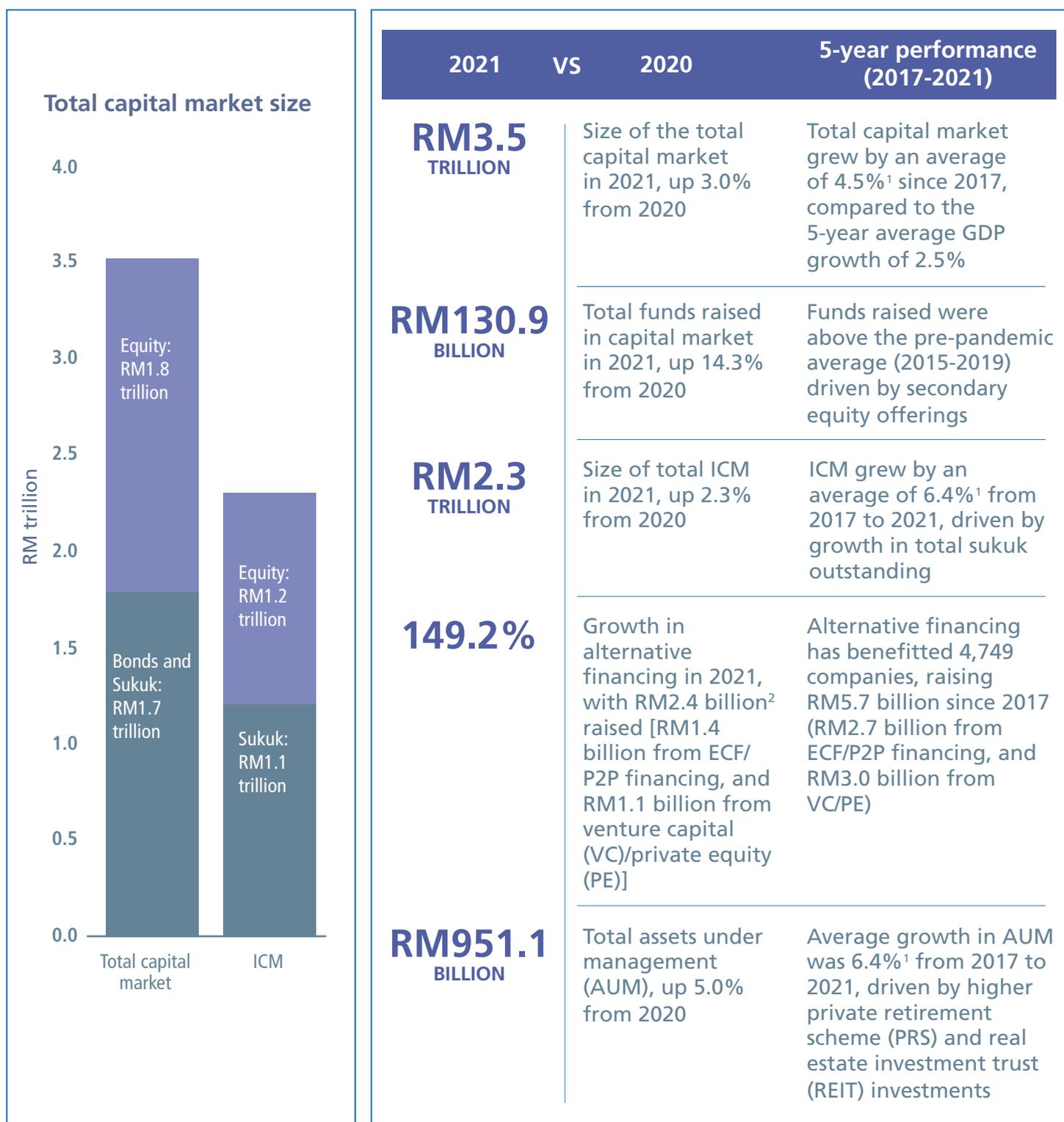


**Datuk Syed Zaid Albar**

# HIGHLIGHTS 2021

## SUMMARY OF CAPITAL MARKET PERFORMANCE

Domestic capital market continued to support the recovery of the real economy



<sup>1</sup> Average growth rates stated above are compounded annual growth rates (CAGR).

<sup>2</sup> The numbers may not add up due to rounding.

## SUMMARY OF REGULATORY ACTIONS

Focused on achieving swift, effective and targeted outcomes

### Infringement Notices



**41**

Supervisory letters issued



**22**

Warning letters issued



**42**

Non-compliance letters issued



**28**

Cease and desist letters issued

### Criminal Action



**10**

Criminal charges filed



**3**

Convictions obtained



**RM7.6 mil**

Court fines

### Civil Action



**6**

Civil actions filed



**721**

No. of investors restituted



**7**

Individuals barred as directors



**RM2.5 mil**

Civil penalties imposed



**RM16 mil**

Amount disgorged/restitution order by court

### Administrative Action



**136**

Administrative sanctions imposed



**100**

Reprimands issued



**11**

Directives issued



**RM2.9 mil**

Penalties imposed

## KEY HIGHLIGHTS OF THE SC'S EFFORTS IN 2021



### Strengthened investment and funding ecosystem

- Liberalised **alternative financing framework** and **enhanced efficiency of fundraising and take-overs** on equities market
- Revised **unit trust industry guidelines** to promote further competitiveness and innovation
- **Streamlined ACE listing procedures** by enabling Bursa Malaysia to be a one-stop centre for ACE market listings



### Spurred continued growth and innovation

- Expanded **digital product and platform offerings** amid growth in digital adoption
- Enhanced capabilities through **greater digitisation** of investigation and submission processes
- Strengthened the industry's **cyber security** and technological capacity



### Deepened Islamic capital market

- Facilitated **Shariah-compliant financing** for unlisted MSME
- Facilitated **Islamic fintech development** through FIKRA Islamic Fintech Accelerator Programme
- Strengthening **Shariah governance framework** through the revision of *Guidelines for Shariah Advisers*



### Monitored market integrity and emerging risks

- Strengthened supervisory effectiveness via **SupTech** initiatives
- Assessed **Bursa Malaysia's technology infrastructure, critical applications and competencies**
- Continued close monitoring of **systemic risks** and surveillance of **market and corporate activities**



### Broadened sustainable and responsible investment

- Enhanced the sustainable and responsible investment (SRI) ecosystem through the release of **taxonomy principles** for industry consultation
- **Widened access for sustainable MSMEs** through NaviGate programme
- Revised **Guidelines on Sustainable and Responsible Investment Funds (Guidelines on SRI funds)** to facilitate further issuance of SRI funds



### Continued to drive improved corporate governance

- Encouraged **higher adoption of corporate governance** practices and culture
- Launched **new priorities** via the **Corporate Governance Strategic Priorities 2021-2023 (CG Strategic Priorities)**
- Issued the revised **Malaysian Code on Corporate Governance (MCCG)**

# CAPITAL MARKET MASTERPLAN 3 TO SUPPORT MALAYSIA'S NEXT STAGE OF GROWTH

The SC launched the *Capital Market Masterplan 3 (CMP3)* on 21 September 2021 at a virtual ceremony officiated by the Minister of Finance, YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz.

The CMP3 serves as a strategic framework for the growth of Malaysia's capital market over the next five years (2021-2025). It seeks to leverage the strength and potential of the Malaysian capital market to accelerate economic growth that is sustainable and inclusive.

The CMP3 takes into consideration global megatrends that will shape the recovery and growth of the global and Malaysian economies as it steers the capital market towards three desired outcomes.

 <b>Relevant</b>	 <b>Efficient</b>	 <b>Diversified</b>
Grows in <b>relevance</b> with the upgrade of the economy and its stakeholders	<b>Efficient</b> in capital mobilisation, accompanied by evolved regulatory approach	<b>Diversified</b> , competitive and differentiated to create value for diverse participants

## Development thrusts

 Catalysing competitive growth

 Empowering investors for a better future

 Shaping a stakeholder economy with SRI and ICM

## Regulatory thrusts

 Embedding shared accountability

 Prioritising efficiency and outcomes

 Embracing the digital age

The first development thrust is facilitating fundraising for competitive businesses through a diverse market and intermediation ecosystem. The CMP3 also aims to empower all Malaysians to invest for their future and promote digital inclusion as well as protection for vulnerable investors. Furthermore, through the sustainable and responsible investments (SRI) and Islamic capital market (ICM) pillars, the CMP3 aims to shape a stakeholder economy by mobilising more capital towards sustainable businesses.

In tandem, the SC's regulatory approach will also evolve in response to changing trends and market landscape. The CMP3 strives to embed greater shared accountability within the capital market, particularly corporate responsibility to stakeholders beyond short-term profitability. It also aims to achieve a more efficient regulatory outcome and greater efficiency in investor protection through swift, effective and targeted enforcement and supervision approaches. In addition, as the industry becomes more digital, the CMP3 envisions greater use of technology – both Regulatory Technology (RegTech) and Supervisory Technology (SupTech) – for greater efficiency and deeper insights.



 [Read more for CMP3](#)



# CAPITAL MARKET REVIEW AND OUTLOOK

## OVERVIEW

The global economy entered into a recovery phase in 2021, but with widening unevenness across countries and the continued challenge of COVID-19. Domestically, the Malaysian economy remained resilient and continued to recover from the year before, although at a slower pace than initially anticipated.

Against this economic environment, alongside intermittent global financial market volatility, the Malaysian capital market was adversely affected, with domestic equity and bond markets registering subdued performances for the year. Nevertheless, the domestic capital market remained orderly, and importantly, continued to play its critical roles in financing economic activity and intermediating savings with notable improvement in fundraising activities across all market segments.

Going forward, the Malaysian economy is projected to remain on a recovery path in 2022, in tandem with the ongoing recovery in global demand. Although the domestic capital market will continue to be influenced by key global developments, it is expected to remain resilient and orderly, underpinned by Malaysia's strong macroeconomic fundamentals, ample domestic liquidity, and supportive policy environment.

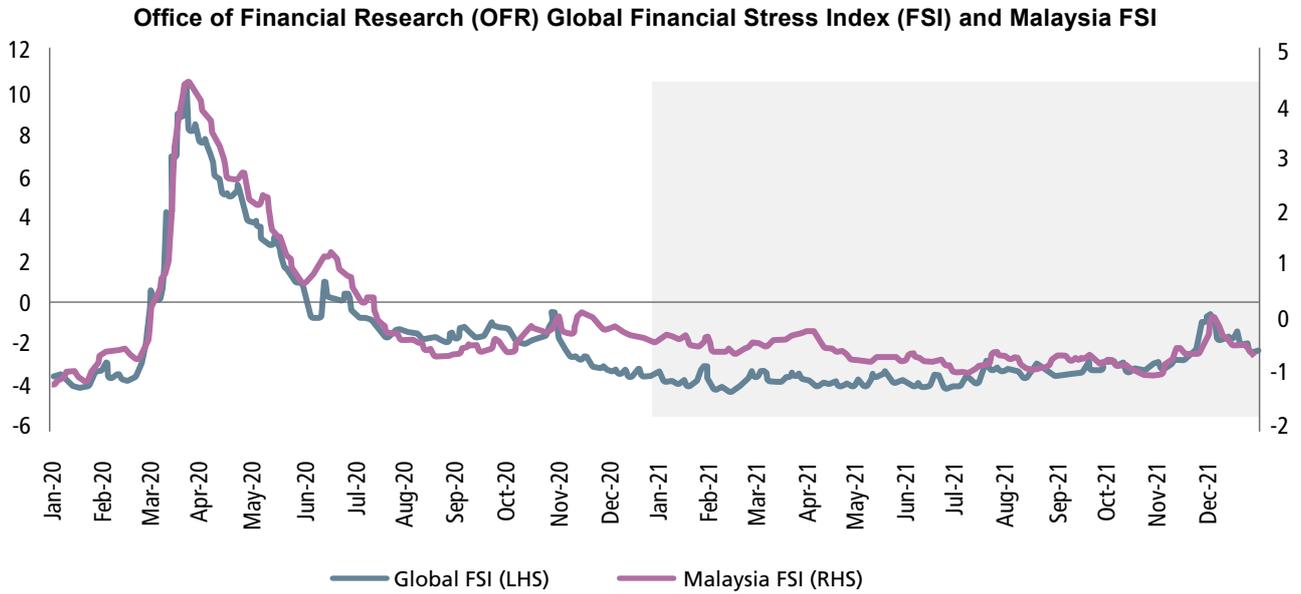
### GLOBAL DEVELOPMENTS IN 2021

**The global economy** entered into a recovery phase in 2021, supported by a rebound in global manufacturing and trade activities. However, the recovery was uneven across countries given the disparity in access to vaccines and policy support. Advanced economies (AE) recorded stronger growth momentum while recovery in emerging market

economies (EME) was relatively weaker. The emergence of the highly transmissible COVID-19 Delta variant also prolonged pandemic-related disruptions, as countries worldwide reimposed various containment measures. While restrictions were gradually relaxed towards the end of 2021, longer-than-expected supply disruptions as well as higher commodity prices and food inflation continued to affect global economic recovery throughout the year.

Chart  
1

Global financial stress levels remained low in 2021, a continuation from the end-2020 environment. Nevertheless, intermittent episodes of volatility were experienced throughout the year amid a confluence of factors



Note: The Global FSI is from the OFR, US Department of Treasury, while the Malaysia FSI is internally estimated following similar methodology (see [Monin, 2017](#)). Value of FSI above zero indicates higher than historical average financial stress in the economy.

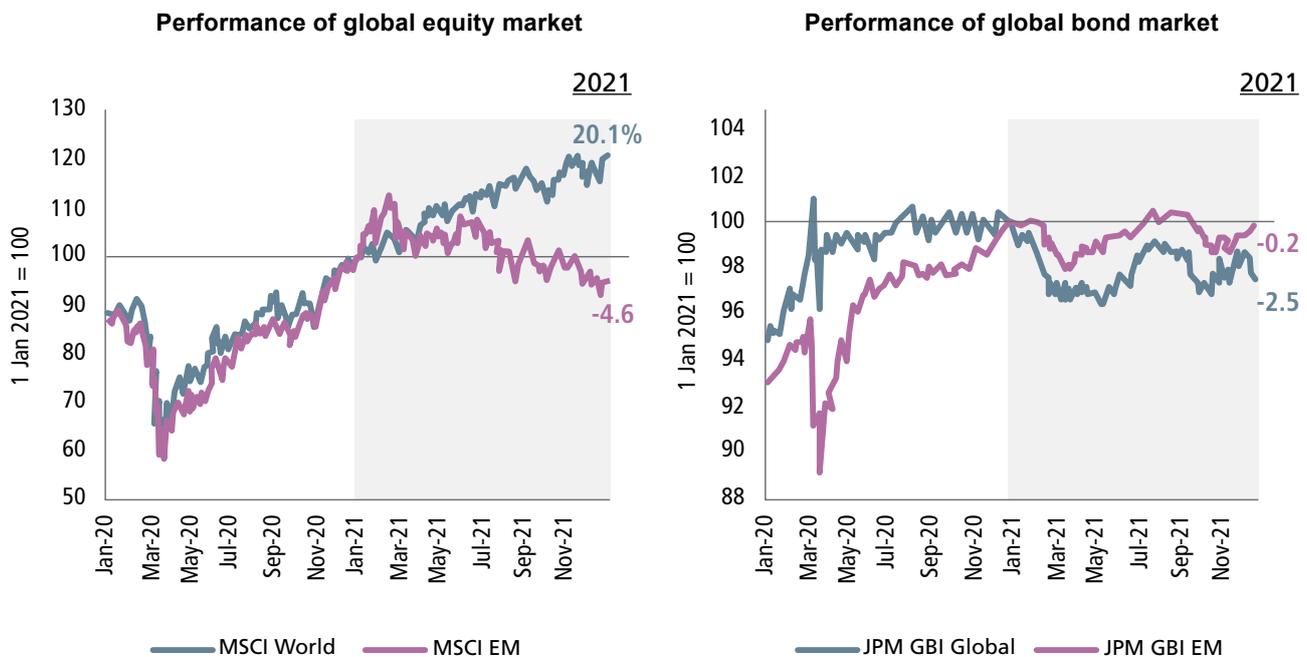
Source: US Office of Financial Research, the SC's internal estimates.

**Global financial markets performances** were mixed in 2021 amid a confluence of factors, from concerns over the durability of global economic recovery and the pace of monetary policy normalisation in AEs to contending geopolitical dynamics and the emergence of the new Omicron COVID-19 variant towards the end of the year. This resulted in intermittent global financial market volatility, with diverging performances across asset classes and regions. However, the overall level of global financial stress remained low compared to the year 2020. In the global equity market, the

MSCI World Index recorded multiple rallies, rising by 20.1% on AEs' growth outlook and favourable corporate earnings. Meanwhile, the MSCI Emerging Markets Index declined by -4.6%, weighed down by subdued EMEs' growth prospects, including China's softening economic momentum and uncertain policy directions. In the global bond market, yields rose from beginning 2021, led by the US Treasury 10-year note on expectations of higher inflation and tighter global monetary policy stance.

Chart  
2

### Global equities and bonds registered mixed performances in 2021



Source: Thomson Reuters Datastream, the SC's calculations.

## MALYSIAN CAPITAL MARKET DEVELOPMENTS IN 2021

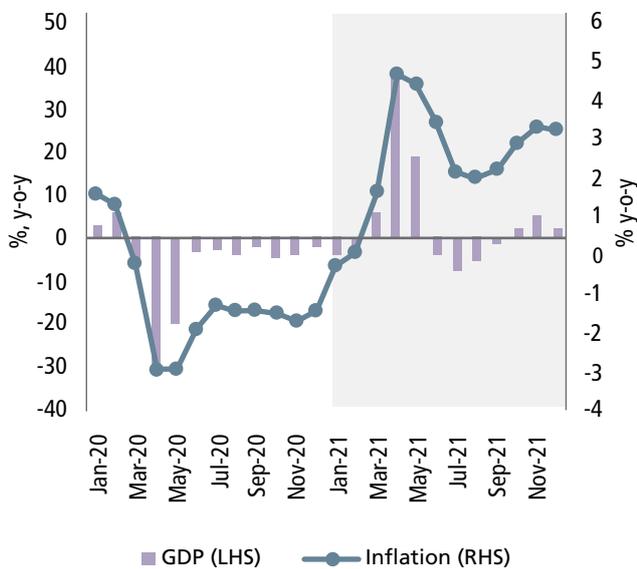
The Malaysian economy remained on a recovery path in 2021. However, a deterioration in the domestic COVID-19 situation in mid-2021 delayed a broad-based recovery in economic activities, with real GDP contracting to its trough in Q3 2021 amid the

reimplementation of strict virus containment measures. In tandem with rapid vaccination progress, a decline in virus cases, and the gradual easing of movement restrictions, growth however rebounded towards the end of 2021. For the full year of 2021, real GDP expanded 3.1%, supported by robust external demand and continued public sector spending.

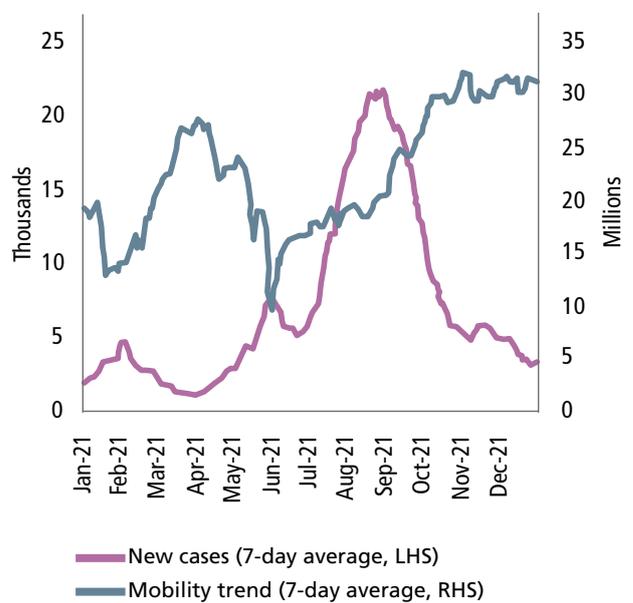
Chart 3

The Malaysian economy continued to recover in 2021, but a broad-based recovery was delayed by the worsening domestic COVID-19 situation mid-year

Real GDP and inflation since 2020



New COVID-19 cases and mobility trend\*



Note:

\* Mobility trend is represented by the total number of check-ins for all locations nationwide registered on *MySejahtera*.

Source: Department of Statistics Malaysia, Ministry of Health, the SC's calculations.

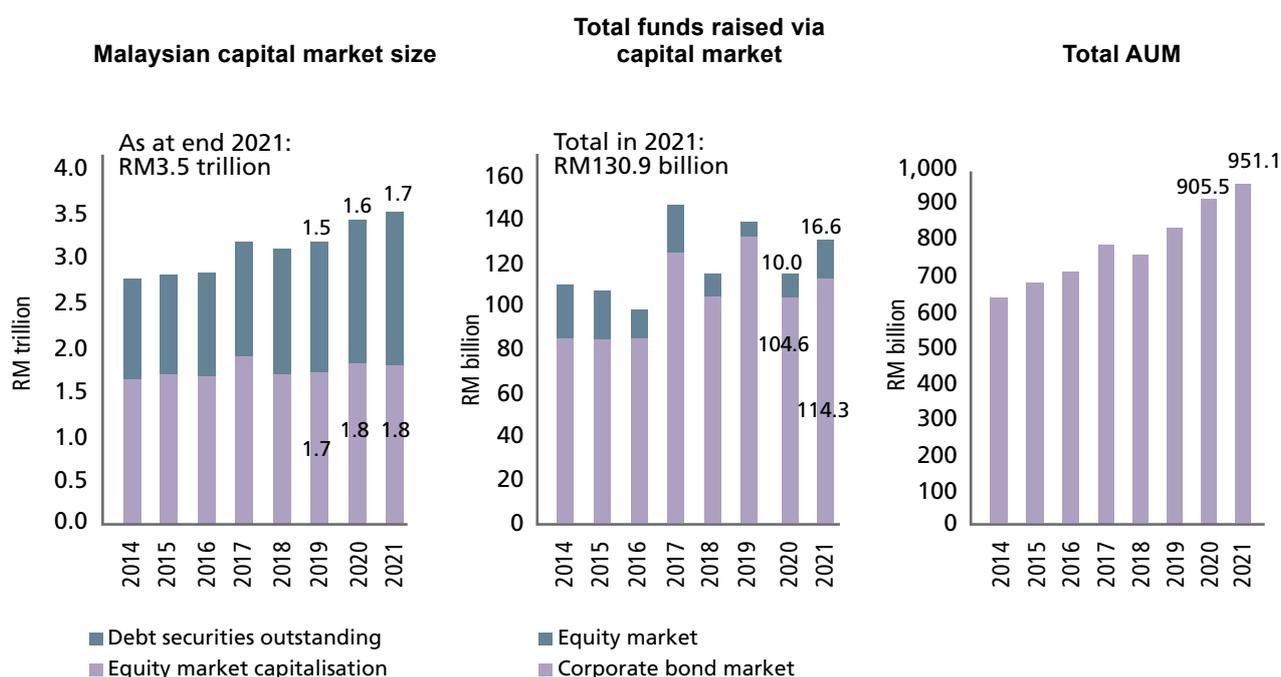
## The Domestic Capital Market Continued To Support The Real Economy

**The Malaysian capital market** remained resilient and orderly throughout 2021 amid the relatively challenging global and domestic environment. Importantly, it continued to serve its fundamental roles in financing the domestic economy and intermediating savings. Total funds raised in the capital market remained robust, rising to RM130.9 billion in 2021 (2020: RM905.5 billion), above the five-year pre-pandemic average of RM121.4 billion, of which RM16.6 billion was raised via the equity market<sup>1</sup>, while RM114.3 billion was raised through the corporate bond market.

Meanwhile, alternative financing avenues<sup>2</sup> via equity crowdfunding (ECF) and peer-to-peer financing (P2P financing) continued to gain traction, especially in supporting the funding needs of MSMEs. Likewise, the fund management industry grew further during the year, with AUM totalling RM951.1 billion (2020: RM905.5 billion). This mainly reflects increased diversification of financial assets in domestic and foreign markets, with the unit trust segment<sup>3</sup> remaining the largest source of funds for AUM. Overall, the size of the capital market rose to RM3.5 trillion in 2021 (2020: RM3.4 trillion).

Chart  
4

Despite a challenging environment, the capital market continued to support the economy, with steady growth in funds raised and AUM in the fund management industry



Source: Bursa Malaysia, the SC's calculations.

<sup>1</sup> In the equity market, RM2.3 billion was raised via 29 initial public offerings (IPOs) and RM14.3 billion through secondary fundraising. Four of the IPOs were implemented by way of introduction and did not entail any fundraising exercise.

<sup>2</sup> Funds raised via ECF and P2P financing rose to RM1.4 billion in 2021 (2020: RM640.4 million).

<sup>3</sup> Total net asset value (NAV) of RM526.9 billion in 2021 (2020: RM519.5 billion).

**The domestic equity market** was affected by continued headwinds both globally and domestically. The overall market capitalisation of Bursa Malaysia and the FBMKLCI moderated to RM1.79 trillion and RM1.04 trillion respectively in 2021 (2020: RM1.82 trillion and RM1.06 trillion respectively). Likewise, the FBMKLCI index declined by -3.7% to end the year at 1,567.5 points. Nevertheless, sentiments in the domestic equity market remained in favour of FBM Small Cap companies, given their continued outperformance during the year. In terms of trade participation, local institutions turned net sellers to a total of -RM9.1 billion in 2021, while net selling by non-residents eased to -RM3.1 billion (2020: -RM24.6 billion). Correspondingly, net buying by local retail investors rose to RM12.2 billion. The participation rate for retail investors thus was higher in 2021, rising to an average of 34.6% in terms of value traded.

**In the Malaysian bond market**, total bonds outstanding grew to RM1.7 trillion in 2021 from RM1.6 trillion in 2020, reflecting higher levels of debt fundraising. The overall Malaysian Government Securities (MGS) yield curve broadly shifted upwards, led by mid-to long-term tenures, in tandem with the general increase in global bond yields amid higher global inflation expectations and the prospect of faster global monetary policy normalisation. Meanwhile, the spread between corporate bonds and MGS broadly narrowed across tenures, suggesting improved optimism on the domestic growth outlook especially towards the end of 2021. The domestic bond market also witnessed increased foreign interest, with net inflows amounting to RM33.6 billion in 2021 (2020: RM18.3 billion), the highest since 2012.

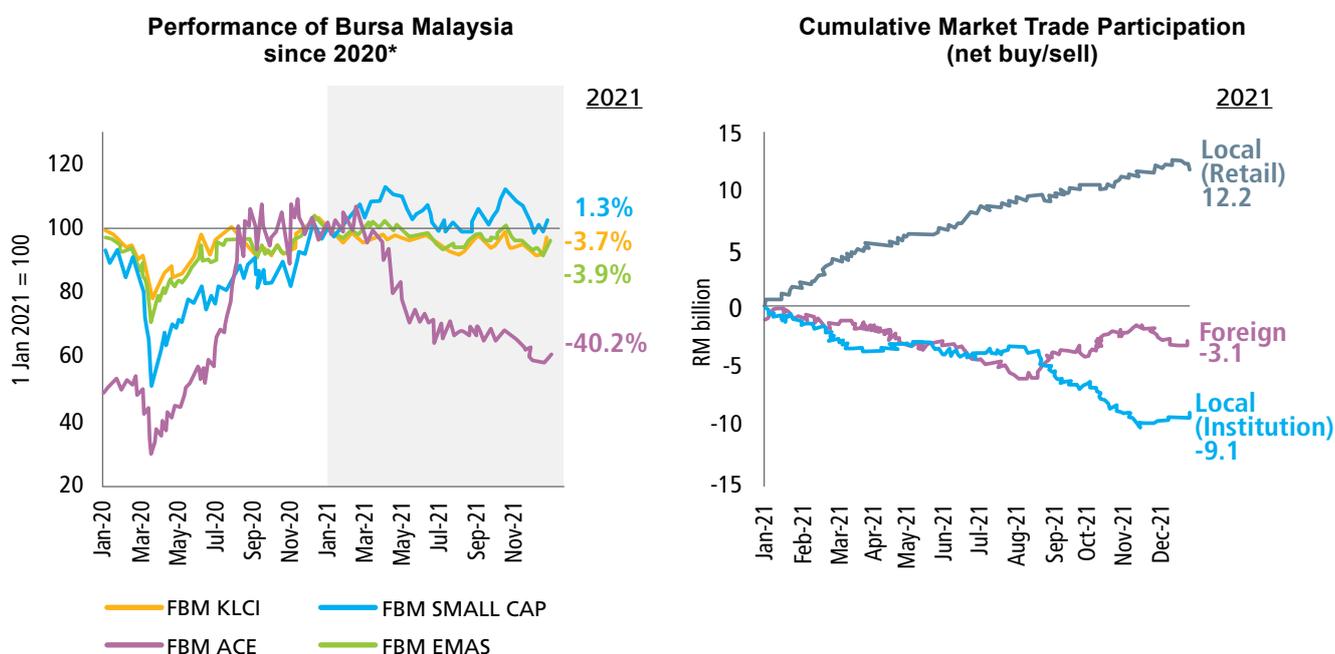
For further information on quarterly performance, please refer to SC Quarterly Report: Market Overview.



[SC 1<sup>st</sup> Quarter 2021 Report](#); [SC 2<sup>nd</sup> Quarter 2021 Report](#)  
[SC 3<sup>rd</sup> Quarter 2021 Report](#)

Chart 5

The domestic equity market was affected by continued headwinds both globally and domestically in 2021



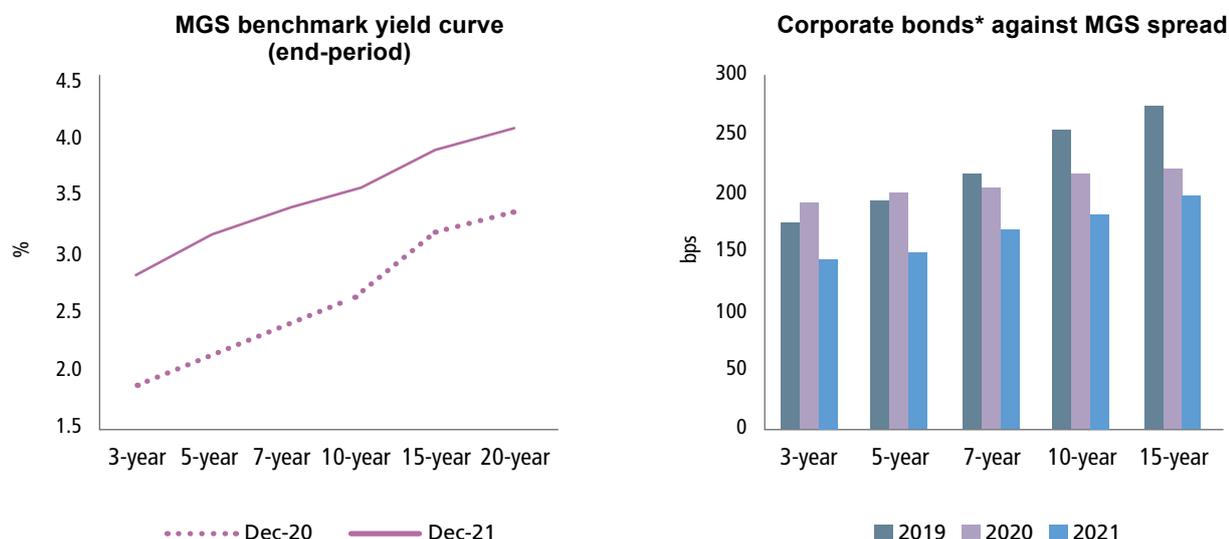
Note:

\* FBMKLCI consists of the largest 30 companies ranked by full market capitalisation in the FTSE Bursa Malaysia EMAS Index; FBM Small Cap consists of all constituents of the FTSE Bursa Malaysia EMAS Index that are not constituents of the FTSE Bursa Malaysia Top 100 Index; and FBM ACE comprises all companies listed on the ACE Market.

Source: Bloomberg, Bursa Malaysia, the SC's calculations.

Chart  
6

## MGS bond yields experienced upward pressure across tenures, tracking global bond markets



\* Corporate bonds rated between AAA and BBB.

Source: Bloomberg, Bank Negara Malaysia (BNM), the SC's calculations.

## OUTLOOK FOR 2022

**The global economy** is projected to continue its recovery in 2022. This outlook, however, is subject to significant uncertainties and remains uneven across economies. Beyond the continued evolution of the pandemic, geopolitical uncertainties, the interplay between supply chain disruptions, inflationary pressure, and policy normalisation in major economies will have a key influence on the durability of the global recovery. Meanwhile, developments in the global capital market are expected to be in tandem with this economic outlook.

**The Malaysian economy** is projected to remain on a recovery path in 2022, amid a recovery in external demand, reopening of the domestic economy, and ongoing domestic policy support. However, downside

risks to growth remain especially given external uncertainties, while the pace of economic recovery is expected to remain uneven across sectors, with stronger momentum expected in export-oriented sectors.

The performance of the Malaysian capital market is expected to improve further, in tandem with the recovery in the domestic economy. However, it will continue to be influenced by key global developments, with volatility likely to be driven by evolving geopolitical tensions as well as the timing and pace of global monetary policy normalisation. Nevertheless, the domestic capital market will remain resilient, orderly, and supportive of the economy, underpinned by strong macroeconomic fundamentals, ample domestic liquidity, and resilient capital market infrastructure.



# MAINTAINING MARKET INTEGRITY AND PROTECTING INVESTORS



## INTRODUCTION

Market integrity is pivotal in reinforcing proper standards of market conduct and driving market stability. In 2021, the SC continued to focus its regulatory efforts in ensuring that the market remained agile, resilient and responsive on the back of the COVID-19 pandemic. The SC continued to closely monitor emerging systemic risks and implemented various regulatory initiatives that aimed at protecting investors' and stakeholders' interests.

In order to uphold high standards of governance among market participants and ensure orderly functioning of the capital market, the SC's supervisory approach and focus over intermediaries, institutions and markets were also strengthened, supported by enforcement actions for serious breach of securities laws.

## MONITORING AND MANAGEMENT OF RISKS

Despite improvement in the global financial market conditions following good inoculation rates against COVID-19 and resumption of economic activities, threats such as the emergence of new COVID-19 variants continued to bring uncertainties to the global and domestic capital market. As such, early detection of emerging risks and vulnerabilities is crucial to maintain systemic stability in the capital market. Against this backdrop, the SC continued to remain vigilant of the potential downside risks and appropriate measures were put in place to ensure a fair and orderly operation of the capital market at all times.

### Mitigating Systemic Risks and Promoting Financial Stability

#### Enhanced Risk Governance Framework

In 2021, the SC-wide risk governance framework was enhanced as part of an overall initiative to enable a more integrated and predictive risk surveillance approach. The risk governance framework integrated the wider spectrum of risks such as technology, cyber and conduct risk at the SC's Systemic Risk Oversight Committee (SROC) and Accounting, Market and Corporate Surveillance Committee (AMCS).

#### Intensified surveillance

Regular SROC engagements were held to deliberate concerns emanating from various segments of the capital market. Domestic equity and bond market, foreign fund flows and trade participation continued to be monitored closely for potential stress points. In addition, financial position of listed companies and economic stimulus packages introduced by the government to weather the impact of COVID-19 were among the focus areas for discussion.

#### Thematic assessments

The SC also conducted thematic assessments covering investors' fund flows, position of firms vulnerable to credit and market risks, and government policy decisions such as budget announcements to ascertain the possible impact on the capital market. In 2021, the SC reviewed and enhanced its crisis indicators on potential emerging risks in the capital market. The enhanced crisis indicators provided a reference point for escalation to SROC when the identified indicators and triggers materialised and ensured prompt response to manage and prevent any issues of concern that might lead to a systemic crisis.

## Joint regulatory discussions

In 2021, the SC conducted frequent regulatory discussions and information sharing sessions with other regulators such as BNM and Labuan Financial Services Authority (Labuan FSA) to identify systemic risk concerns within the financial and capital markets in Malaysia.

## Monitoring of various components of the capital market

The SC continued its efforts to undertake an integrated approach to monitor, mitigate or manage potential systemic risk. Figure 1 highlights the findings from the following risk assessments on the various components of the capital market.

FIGURE 1

## RISK ASSESSMENTS ON VARIOUS COMPONENTS OF THE CAPITAL MARKET



### Equity Market and Infrastructure

- Sufficient domestic liquidity to facilitate efficient investment activities.
- Market-wide circuit breaker and dynamic and static price limits for equities were in place as part of the risk management mechanism to address excessive market volatility. In 2021, no circuit breaker was triggered.
- Securities and Derivatives Clearing Guarantee Funds have been in place to manage settlement of trades when there was payment or delivery default.



### Bond Market

- Yield movements were in line with regional peers amid accommodative monetary policy.
- Corporate bond default rate remained low.



### Listed Companies

- Corporate earnings for 2021 improved compared to 2020, mainly attributed to continued demand for medical gloves and higher prices of crude palm oil, crude oil and palm kernel. However, based on quarter-on-quarter (q-o-q) performance, corporate earnings deteriorated in Q3 2021 due to business disruptions impacted by the movement control order (MCO).
- Affected public-listed companies (PLCs) with unsatisfactory financial condition were granted temporary relief from being classified as a *Practice Note 17* (PN17)/ *Guidance Note 3* (GN3) company. As at 31 December 2021, a total of 21 PLCs that have triggered the PN17/GN3 Suspended Criteria between 17 April 2020 and 31 December 2021 benefitted from the 18-month relief period.
- As PLCs adjust to the new normal, corporate earnings momentum is expected to pick up as the country paves its way to economic recovery.



### Investment Flows

- Domestic liquidity continued to be supported by local institutions and retail investors.
- Share of foreign holding in the bond market was slightly above the 5-year average mainly due to relatively high yield differentials against many developed market bonds, making it attractive to the investors, aside from strong domestic recovery outlook.
- Foreign equity holding fluctuated below its 5-year average amid net outflows from the equity market.



### Investment Management

- Fund managers had in place adequate liquidity risk management processes to manage redemptions in an orderly manner.



### Stockbroking Intermediaries

- Stockbrokers' risk management controls were sufficiently robust to manage exposures during periods of high volatility including credit risks arising from margin financing.
- The current risk-based capital adequacy position remained above the prescribed minimum financial requirement.

## ARTICLE 1

# COVID-19 RELIEF

In 2021, various measures and targeted flexibilities were continued and introduced by the SC to enable market participants to weather the impact of COVID-19. The SC continued to monitor developments affecting the capital market and evaluate the adequacy of existing measures to support an orderly market and mitigate potential risks.

- |  |  |
|--|--|
| <p>(a)     <a href="#">Read more on COVID-19 related announcements</a></p>   | <p>(e)     <a href="#">Read more on 'Malaysian capital market demonstrated resilience in year of Covid-19'</a></p>           |
| <p>(b)     <a href="#">Read more on media release 'MKN SOP for capital market and the SC's guidance on virtual meetings for listed issuers</a></p>                               | <p>(f)     <a href="#">Read more on media release 'SC and Bursa Malaysia grant waiver for companies seeking to list'</a></p> |
| <p>(c)     <a href="#">Read more on media release 'Investors reminded to exercise caution when participating in social media chatrooms promoting specific stock trading'</a></p> | <p>(g)     <a href="#">Read more on flexibilities to capital markets services licence holders and registered persons</a></p> |
| <p>(d)     <a href="#">Read more on media release 'SC and Bursa Malaysia announce additional temporary relief measures for listed issuers'</a></p>                               |  |

## EMBEDDING SHARED ACCOUNTABILITY IN THE CAPITAL MARKET

The SC continued to apply various interventions to inculcate good corporate governance culture and practices across the market ecosystem, including directors, shareholders and gatekeepers. Measures were also undertaken to inculcate early understanding of governance among youth.

### Promoting Good Corporate Governance

#### Monitoring adoption of corporate governance

On 24 November 2021, the SC released the *Corporate Governance Monitor 2021* (CG Monitor 2021), which presented the progress on the adoption of the 2017 edition of the *Malaysian Code on Corporate Governance* (MCCG) and the quality of corporate governance (CG) disclosures. Adoption levels across majority of the

practices remained positive, with 24 out of the 36 best practices recording adoption levels of at least 90%. However, the adoption of the Step Up practices remained among the lowest compared to other practices in the MCCG.

#### Promoting ESG Fitness and Leadership of Boards through the SC's Corporate Governance Strategic Priorities

The *Corporate Governance Strategic Priorities 2021-2023* (CG Strategic Priorities), launched in November 2021, outlined 11 targeted initiatives such as the introduction of an onboarding programme on sustainability for directors, enhancing availability of corporate governance data through the use of digital tools and deepening the conversation with youth on corporate governance and sustainability through collaboration with universities. The CG Strategic Priorities is also a critical component of the CMP3 launched in September 2021 to chart the path ahead for the Malaysian capital market over the next five years (Figure 2).

## MCCG ADOPTION

24

(2020: 23)  
MCCG best practices have an adoption level of above 90%

79%

(2020: 78%)  
Listed companies adopted at least one Step Up practice

#### Call to Action

Practices which require immediate action by boards



Disclosure of senior management remuneration



Adoption of gender diversity policy and targets

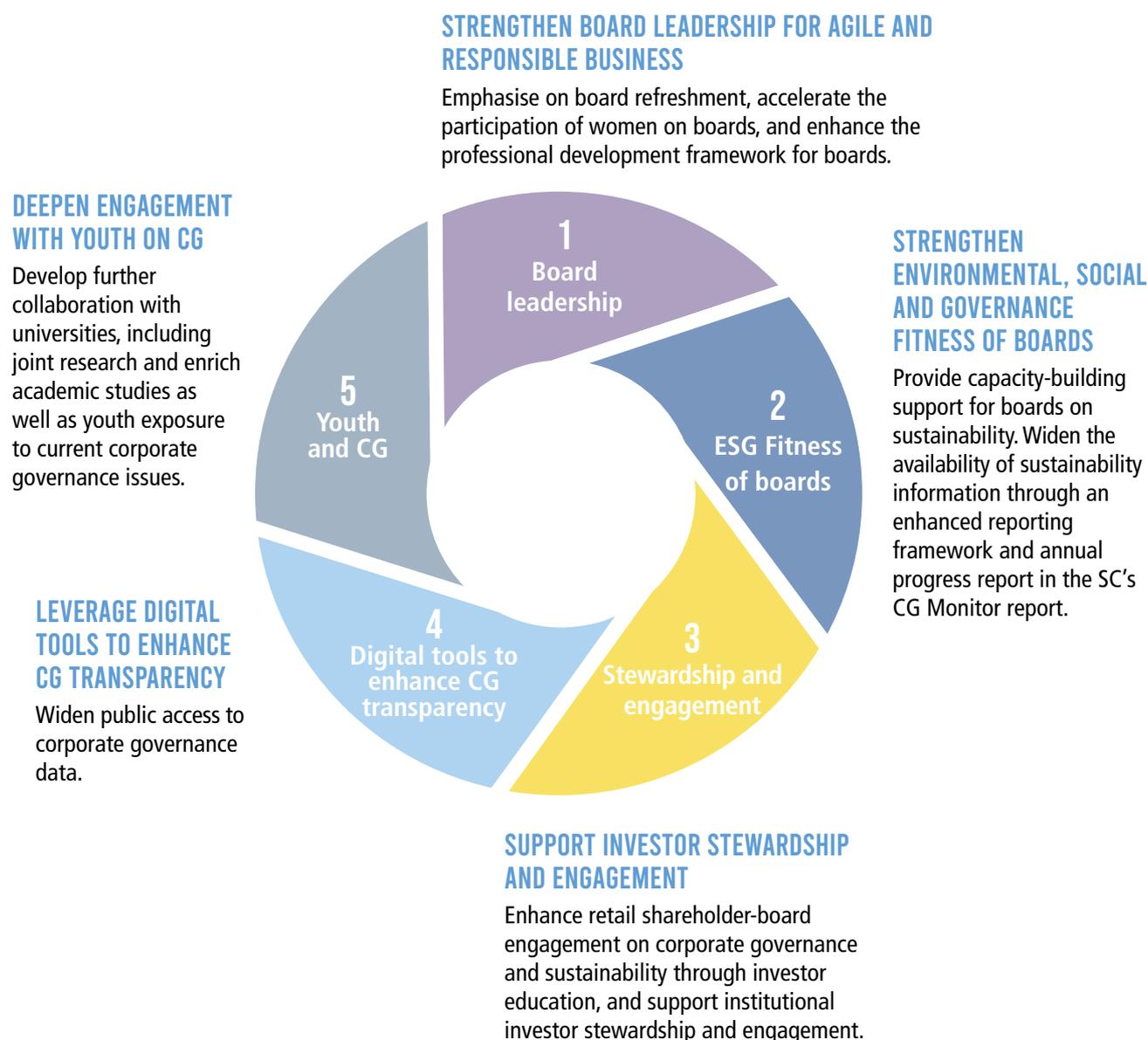


Disclosure of reliable and decision-useful sustainability information

FIGURE 2

# KEY THRUSTS AND INITIATIVES

## CORPORATE GOVERNANCE STRATEGIC PRIORITIES 2021–2023



Source: Corporate Governance Priorities, SC, 2021.

### Promoting board leadership and oversight of sustainability via updated MCCG

On 28 April 2021, the SC issued the revised MCCG, which introduced new best practices and provided further guidance to strengthen the corporate governance culture of listed companies. Among others, the revised MCCG emphasised the need for effective oversight and action by boards and senior management to address sustainability risks and opportunities.

### Inculcating early understanding of CG principles and issues among youth through universities

On 30 April 2021, the SC and Monash University Malaysia formalised a collaborative agreement to promote early understanding of corporate governance principles and practices among Monash University students, through guest lectures and joint research efforts.

The collaboration brings to fruition the SC's effort to drive good corporate governance by investing in the youth and supporting them in reaching their full potential as future leaders and agents of positive change.

### Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers

The *Guidance Note on the Conduct of General Meetings for Listed Issuers*<sup>1</sup> (Guidance Note) was revised in 2021, to facilitate the conduct of fully virtual general meetings<sup>2</sup>, and to emphasise the need for boards to address all questions posed by shareholders in a general meeting, irrespective of the mode the meeting was conducted; whether fully virtual, hybrid, or physical.

### Strengthening Governance of GLICs via PERKUKUH

On 12 August 2021, the Government launched the PERKUKUH programme, comprising 20 key initiatives aimed at strengthening the overall structure and governance of GLICs in Malaysia.

Led by the Ministry of Finance Malaysia (MOF), the SC is supporting the development of baseline governance requirements and best practices that GLICs are expected to adopt. The SC is also working closely with the Institutional Investor Council (IIC) to update and enhance the *Malaysian Code for Institutional Investors* (MCII) in order to achieve outcome-oriented stewardship. In this regard, Capital Markets Malaysia (CMM) will be working closely with the MOF and the SC to enhance capacity-building needs of GLICs to build strong ESG-ready boards.

<sup>1</sup> This Guidance Note is issued to guide all issuers listed on Bursa Malaysia Securities Bhd and management companies of unit trust funds on the conduct of general meetings, including Annual General Meeting, Extraordinary General Meeting, and Meeting of Unitholders during the COVID-19 pandemic where physical distancing and other safety and precautionary measures must be exercised. This includes the conduct of fully virtual, virtual, hybrid and physical general meetings.

<sup>2</sup> Under the Guidance Note, a fully virtual meeting refers to a general meeting where all participants including the Chairperson, board members, senior management and shareholders participate online. A virtual meeting refers to a general meeting conducted from a broadcast venue, where only essential individuals are physically present to conduct the meeting while all shareholders participate online.

## The Chairman Survey 2021

In August 2021, the SC collaborated with the Institute of Corporate Directors Malaysia (ICDM) to conduct the inaugural 'Chairman Survey' to obtain insights from Chairmen of listed companies on board priorities in 2022 and the state of board dynamics.

### THEMATIC REVIEW – HIGHLIGHTS

#### Chairman survey 2021

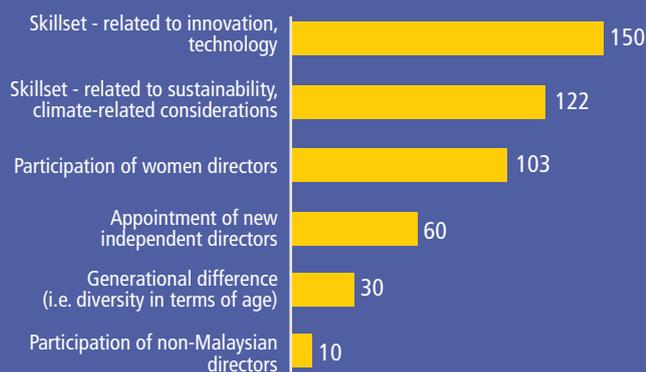
Total respondents – 325 Chairmen of listed companies



The Chairman Survey 2021 was conducted by the SC in collaboration with the ICDM.

**91%** Chairmen were of the view that current board composition was optimal.

#### Which aspects of the current board composition can be improved?



Number of Chairmen who selected the aspect as an area for improvement

## ARTICLE 2

## REGULATORY EVALUATION OF RELATED-PARTY TRANSACTIONS

The SC conducted a thematic assessment to holistically examine the regulatory regime and practices of related-party transactions (RPTs) by PLCs. Findings from the assessment and insights on the practices, market impact, and governance arrangements of RPTs may guide the SC's future regulatory policies on RPTs. Some aspects of this evaluation were performed in collaboration with academicians from Monash University Malaysia School of Business<sup>3</sup>.

Generally, an RPT refers to a transaction entered into by a PLC which involves the interest of a director, major shareholder, or person connected with such director or major shareholder<sup>4</sup>. Previous reports by the Organisation for Economic Co-operation and Development (OECD) and CFA Institute highlighted that RPTs were not uncommon in the Asia region, and while not all RPTs were abusive, occurrences of detrimental RPTs did pose harm to investors<sup>5</sup>.

### Regulatory Evaluation Findings

Based on the analysis of 5,500 transaction announcements between 2016 and 2020, the SC's findings were:

**494** PLCs

(around 50% of PLCs) made at least one RPT announcement during that period. This indicates that RPTs are considerably prevalent among Malaysian PLCs

**206** PLCs

made only RPT announcements

**148** PLCs

made both RPT announcements and recurrent RPT announcements

**140** PLCs

made only recurrent RPT announcements

*Note: The size of RPTs also varied significantly, ranging from tens of millions of Ringgit Malaysia (RM) to several billions.*

<sup>3</sup> The SC would like to express its deepest gratitude to Professor Keshab Shrestha from Monash University Malaysia for his contributions to this study.

<sup>4</sup> While there are several definitions of RPTs, this article refers to the definition in Bursa Malaysia Listing Requirement.

<sup>5</sup> Refer to *Guide on Fighting Abusive Related Party Transactions in Asia* (2009) by Organisation for Economic Co-operation and Development (OECD) and *Related-Party Transactions: Cautionary Tales for Investors in Asia* (2009) by CFA Institute.

One of the desired outcomes of this assessment is to measure the price impact of RPT announcements. The analysis revealed there was a significant effect on share price movement on the day after RPT announcements were made. The SC also observed above-average price movements on the day leading up to the RPT announcements indicating that there could be some leakages of price-sensitive information.

The SC's assessment on several large RPTs (ranging from RM250 million to more than RM3 billion) suggested that RPTs involving PLCs within family groups and those with long-serving independent directors<sup>6</sup> may require closer monitoring to ensure that the transactions are not detrimental to minority shareholders. There were also instances where RPT issues and concerns were uncovered by auditors of financially distressed PLCs.

Investors should also pay particular attention to general announcement in relation to transaction between related parties who are only connected by common directorships, and memorandum of understanding or heads of agreement between related parties. This is because such transaction or dealing may still carry the risk of erosion of minority shareholders protection.

Given the prevalence of RPTs among Malaysian PLCs, boards of PLCs, particularly the Independent Directors and Audit Committee, must establish effective processes and controls to prevent detrimental RPTs, and ensure that decisions made on RPTs are in the best interest of the PLCs and its shareholders. Furthermore, PLCs should ensure that RPT disclosures and disclosures of other dealings between related parties are timely, complete, and accurate. Given the potential price impact of RPT announcements, PLCs' internal policies on the handling and safeguarding of material non-public information should cover RPTs that are likely to have a material price impact. As part of the SC's ongoing regulatory work, it vigilantly monitors emerging and potential harms to investors, and shall take the necessary steps to protect investors.

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<sup>6</sup> Long-serving independent directors refer to Independent Directors who have served more than nine years.

## Promoting Self-Regulation

In line with the SC's CMP3 key strategies, the SC issued a *Guidance Note on Co-operation and Self-Reporting* on 23 June 2021 to encourage early resolution of enforcement action.

As incentives to recognise their efforts in coming forward and co-operating with the SC, entities and individuals may be offered 'credits' in the form of reduced fines and penalties.

The key areas covered in the Guidance Note are:

- (a) Different examples of co-operation which include self-reporting;
- (b) Features of self-reporting; and
- (c) Expectations when self-reporting a breach to the SC. These include the following:
  - i. Reporting must occur reasonably promptly upon the person being aware of the breach and before the SC by itself becomes aware of the breach; and
  - ii. Reporting must be as accurate and complete as reasonably possible.

## ENHANCING SURVEILLANCE AND SUPERVISION OF CAPITAL MARKET

Proactive and robust surveillance and supervisory function and capabilities are important to ensure proper conduct and practices by market participants while maintaining trust in the capital market. Following the identified emerging risks and concerns in 2021, the SC carried out regulatory activities and initiatives aimed towards strengthening and broadening its supervisory and surveillance capabilities.

## Fostering Resilience of Markets, Infrastructures and Institutions through Ongoing Monitoring and Supervision

### Supervision and surveillance of institutions and markets

#### *Oversight on Bursa Malaysia*

Technology is central to efforts in promoting a fair, orderly, and transparent operation of market infrastructure. As IT infrastructure and systems become increasingly automated, interconnected and complex over time, the robustness and resilience of market technology, associated systems and processes are critical. As the only authorised integrated exchange in Malaysia, Bursa Malaysia is expected to offer the public a trading platform that is reliable, efficient, and transparent.

For information on the Regulatory Assessment on Bursa Malaysia, please refer to Figure 3.

#### *Bursa Malaysia as a one-stop centre for the ACE Market*

Following the announcement in 2020 on the migration of the entire ACE market framework, including registration of prospectuses to Bursa Malaysia, the relevant rules and operational framework were put in place.

Bursa Malaysia will assume the role as a one-stop centre for the ACE market, effective 1 January 2022.

FIGURE 3

## REGULATORY ASSESSMENT ON BURSA MALAYSIA

### BACKGROUND

In September 2021, the SC completed its regulatory assessment on Bursa Malaysia, focusing on its technology infrastructure, critical application systems and competencies. It examined how the operations are supported from both the technical and strategic perspectives, as well as ascertain the integrity and reliability of the brokers' front-end system.

In carrying out the review, the SC emphasised for Bursa Malaysia to have the following:

- Comprehensive technology blueprint and roadmap that align with its long-term business objectives; and
- Robust technology risk management framework to ensure a high level of system availability, reliability, scalability, and recoverability.

### OBSERVATIONS

There were no immediate concerns regarding Bursa Malaysia's IT infrastructure and systems ability to meet its current needs.

Nevertheless, the following remediation plans were recommended for Bursa Malaysia to undertake within the next one to two years:

- Move towards a proactive approach in monitoring potential issues, compared to the current reactive approach, which may delay the response time and increase the potential system downtime risk;
- Implement a more rigorous testing framework to support the introduction of new systems to meet future needs;
- Strengthen operational discipline to minimise the impact of system performance and mitigate risks of not providing continuous efficient service; and
- Upskill and reskill staff to augment technological change.

### OUTCOME

Generally, Bursa Malaysia had taken steps to implement the recommendations outlined under the regulatory assessment. Bursa Malaysia will take lead in future-proofing its trading landscape to align with future business needs:

- Remediate and change to address current gaps and immediate concerns:
  - Implement all remediation activities set forth in the regulatory assessment;
  - Embark on a journey to upskill existing talents and hire the right resources for its needs; and
  - Initiate a shift in mindset from reactive to proactive monitoring of IT systems and applications.
- Innovate and transform to prepare Bursa Malaysia for the future:
  - Adopt proactive monitoring to enhance ability to discover emerging issues in a timely manner;
  - Develop and plan future technology infrastructure to cater to new business needs and evolving market; and
  - Commit the necessary financial resources to enable transformation.

### Oversight on recognised market operators

Given that recognised markets are non-intermediated markets that onboard investor-clients directly, the SC’s role is to supervise the recognised market operator’s (RMO) compliance with among others, the *Guidelines on Recognized Markets* (RMO Guidelines), *Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries* and *Guidelines on Implementation of Targeted Financial*

*Sanctions Relating to Proliferation Financing for Capital Market Intermediaries* (TFS-PS Guidelines). In addition, RMOs are also expected to monitor and mitigate cyber security and IT infrastructure risks in compliance with the *Guidelines on Management of Cyber Risks* (Cyber Risk Guidelines).

For information on the Thematic Regulatory Assessment on Digital Asset Exchanges, please refer to Figure 4.

FIGURE 4

## THEMATIC REGULATORY ASSESSMENT ON DIGITAL ASSET EXCHANGES

### BACKGROUND

The SC adopts a risk-based approach to the oversight of RMOs. Given the risks associated with digital asset, money laundering, terrorism and proliferation financing as well as risks of cyber security threats and systems disruptions, the SC completed the thematic regulatory assessment on three digital asset exchanges (DAX) in August 2021. It is imperative for DAXs to ensure that relevant processes, procedures, practices, and systems are in place to drive a well-functioning market infrastructure for the integrity and reputation of the Malaysian capital market.

### OBSERVATIONS

Generally, RMOs have an adequate understanding of their Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) risk and technology and cyber risk obligations prescribed under the various SC Guidelines and are broadly compliant with the obligations stipulated in the Guidelines.

### AREAS OF IMPROVEMENT

The following key areas have been identified, among others, for further enhancements:



- Board and senior management are required to assume greater accountability on anti-money laundering (AML) policies and procedures, technology systems management as well as to ensure consistency of practice with the policies and procedures that are in place



- Strengthen documentation and record-keeping to improve the effectiveness of compliance functions



- Ensure adequate access controls in the database and digital asset wallets

## Ensuring fair and orderly trading through proactive surveillance

The SC continued to undertake proactive surveillance to ensure fair and orderly trading in the capital market. Amid market volatility and active retail participation, the SC heightened its monitoring of market activities to ensure timely detection and escalation of trading misconduct as well as identification of trends and emerging risks. To this end, various thematic assessments were carried out to facilitate the SC's overall market risk management function.

As part of the SC's oversight over Bursa Malaysia as the frontline regulator, engagements were conducted with the stock exchange to ensure that swift pre-emptive measures were undertaken to curb trading irregularities at an early stage. Such pre-emptive measures included engagement sessions by Bursa Malaysia with capital market intermediaries to share concerns and discuss potential interventions.

### Monitoring of Regulated Short Selling activities

On 4 January 2021, regulated short selling (RSS) activities resumed after being temporarily suspended for nine months since March 2020. Upon resumption of trading, renewed risk management activities resulted in fairly active RSS trades before moderating to an average of about 1% of the total market value traded throughout 2021. In addition, developments surrounding the GameStop short squeeze incident by retailers in the US gave rise to concerns over similar risks associated with domestic short-selling activities. However, such risks did not materialise in the domestic market given its different environment and regulatory framework including prescribed limits on short selling positions, among others.

Notwithstanding, the SC closely monitored RSS activities to ensure that transactions were carried out in a fair and orderly manner, and that emerging risks were effectively managed. Overall, RSS activities were

well governed with enhanced and existing control measures in place to ensure market stability and mitigate against risks of excessive net-short positions. Such controls include tighter aggregate net-short position limits, trading tick rules, and daily short selling volume limits.

### Surveillance of corporate activities

Proactive surveillance on disclosures and corporate activities of listed companies was carried out to detect potential breaches of securities laws or non-compliances with approved accounting standards by leveraging surveillance tools and technology, and conducting thematic reviews to identify risk areas.

Based on the risk areas identified in 2021, surveillance activities and reviews were carried out on the corporate practices of listed companies. In addition, engagements were undertaken with directors, statutory auditors, and other stakeholders involved in 25 listed companies.

When the review and assessment of corporate practices of listed companies revealed potential breaches of the securities laws, such matters would be referred for further investigation and/or enforcement action. In instances where potential irregularities noted were beyond the remit of the SC, referrals would be made to other authorities for their necessary action.

### ■ Misleading disclosures

In 2021, potential wrongdoing detected by the SC included possible misleading disclosures made by listed companies, which may have induced trading activities or influenced the market price of securities. Given the increase in the number of announcements into COVID-19 or healthcare-related ventures, the SC monitored and assessed such disclosures to ensure they do not take advantage of the current pandemic by making any false or misleading statements that may influence investors' investment decisions.

## ■ Non-compliance with Financial Reporting Standards

Among the breaches noted in 2021 was the non-compliance with the approved accounting standards in relation to the accounting treatment of investments in wholesale funds.

The SC observed that certain listed companies managed their cash surplus by investing in wholesale funds and there were instances where the wholesale funds appeared to cater primarily to the listed company's specific cash management requirements. Some of these wholesale funds held investment portfolios that consist mainly or wholly of the financial instruments of the listed company and its related companies. This may result in the listed company having effective control over the wholesale funds. If such control exists, the accounting treatment for the listed company's investments in the wholesale funds should be assessed and reflected accordingly.

In addition, the SC also noted an instance of non-compliance with approved accounting standards in relation to the failure to reclassify certain perpetual sukuk from equity instruments to financial liability when the listed company no longer has an unconditional right to avoid the redemption of the perpetual sukuk.

## ■ Other areas of corporate transgressions

Other areas of corporate transgressions pursued in 2021 include:

- Fraud in connection with acquisitions entered into at inflated prices;
- Fraud in connection with the issuance of securities pursuant to an employee share option scheme;
- Wrongful loss via misappropriation of loans drawdown from credit facilities;
- Wrongful loss via misappropriation of proceeds from fundraising exercises;
- Accounting fraud involving fictitious transactions booked in the financial statements to inflate revenues and profits; and
- Non-compliance with approved accounting standards in relation to disclosure of significant related-party transactions.

## *Surveillance on corporate bond and sukuk markets*

As part of the SC's continuous supervisory activities on the corporate bond and sukuk market, corporate bond issuers from identified business sectors that were impacted due to the COVID-19 pandemic were closely monitored. These sectors included, among others, property, infrastructure, and utilities as well as oil and gas. Several corporate bond issuers had requested investors' indulgence for exemptions in either payment of coupon, profit or principal, or extension of time to meet agreed-upon financial ratios as well as other forms of refinancing. These corporate bond issuers, however, make up a very small portion of the corporate bond and sukuk market.

The corporate bond and sukuk market had one issuer default (in February 2021) amounting to RM70 million or 0.0009% of total outstanding corporate bonds and sukuk. Ten rating downgrades were also observed in 2021, compared to six in 2020. The ten rating downgrades were from the infrastructure and utilities sector (3), property sector (2), financial sector (2) and consumer receivables as well as trading and services sector (3). As for the rating outlook, there were 10 downward revisions in the corporate bond outlook in 2021 compared to 16 in 2020. Of the 10 revisions, one issuer was revised from positive to a stable outlook, and nine issuers were revised from stable to negative outlook.

## Supervision of capital market intermediaries

### Enhancing off-site monitoring of market intermediaries

To complement its desktop online assessments, frequent engagements on intermediaries’ risk profiles were held with the senior management of the intermediaries.

The SC also intensified data collection from intermediaries to proactively monitor and assess the risks stemming from the pandemic. Additional data and information were assessed at shorter intervals with more granularity to enable the SC to develop key supervisory indicators to facilitate the analysis and monitoring of emerging risks. In addition, stress tests were conducted more frequently to assess the financial resilience of intermediaries as well as tracking funds’ liquidity and redemptions.

In addition, the SC enhanced its data collection platform and developed new analysis tools. These

improved efficiency in the collection, extraction and exploration of supervisory data.

A number of thematic reviews were conducted as part of the supervisory activities.

### Thematic review on bond trustees

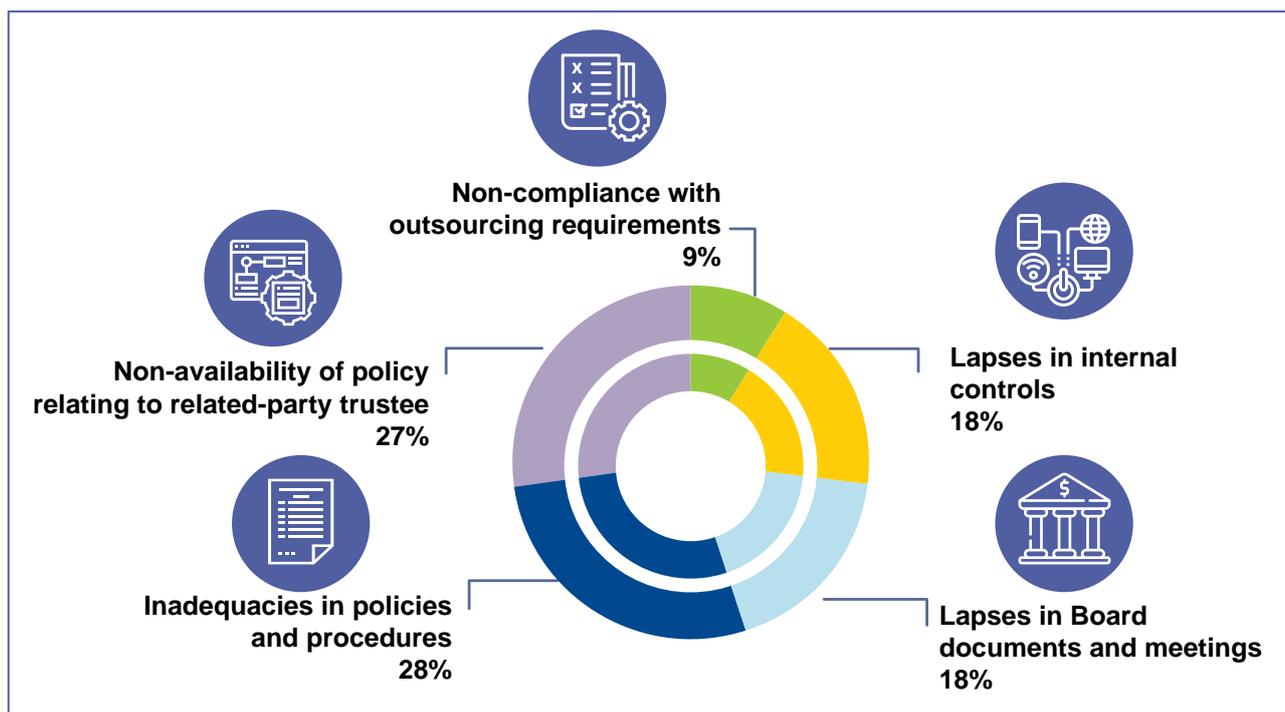
An offsite thematic review was conducted on identified registered bond trustees to assess key areas of the bond trustees’ operations, pandemic response plan as well as the duties and responsibilities of bond trustees *vis-à-vis* its operational department and compliance with the *Guidelines on the Registration and Conduct of Capital Market Services Providers (CMSP Guidelines)*.

Based on the thematic exercise undertaken, supervisory letters were issued to the relevant bond trustees on the SC’s observations and findings, including lapses noted and expected remedial actions to be undertaken.

A summary of the observations is detailed in Figure 5.

FIGURE 5

## THEMATIC REVIEW ON BOND TRUSTEES: AREAS OF FINDINGS AND OBSERVATIONS



## THEMATIC REVIEW ON SRI PRACTICES

### BACKGROUND

ESG risks are increasingly recognised as sources of financial risk. The SC undertook a thematic review to assess the current policies and practices adopted by fund management companies (FMCs) in managing ESG risks. The thematic review was conducted via the issuance of a survey and engagements with selected FMCs.

### KEY OBSERVATIONS

- FMCs have started to develop **SRI intermediation capabilities** albeit at different levels of development between foreign and local FMCs.
- **Foreign FMCs:**
  - Generally demonstrated higher level of awareness and maturity by leveraging global expertise and practices, with some having in-house proprietary tools to assess and incorporate ESG factors into their investment process and decision-making.
  - These include integration of qualitative and quantitative methods from various sources by in-house ESG experts, third-party data, and utilising proprietary ESG model.
- **Local FMCs:**
  - Generally, at the early stages of development, some have progressed well by having commitments made at board level to put in place a responsible investment framework including formulation of SRI strategies, allocation of budget and establishment of a dedicated SRI working group/committee.
  - Most have adopted third-party screening methods and ratings.
  - Some have entered into arrangements with external SRI experts and managers. These have expedited the introduction of SRI funds into the market while enabling knowledge transfer and internal capabilities to be built over time.
- The observations and findings from this thematic review are relevant towards, among others, planning the SC's future engagements and communications with FMCs, including the proposed issuance of guidance to assist FMCs in managing their ESG risks.
- **Challenges:**
  - Lack of data and disclosures from issuers for FMCs to adequately assess and manage the potential effects of ESG risks.
  - Limited investment universe.
  - However, the SC views that FMCs play a critical role in changing the landscape by influencing the issuers to transition and adopt sustainable business practices, and enhance the quality of ESG reporting through active ownership.

### OUTCOME

In line with the SC's *Sustainable and Responsible Investment Roadmap for the Malaysian Capital Market* (SRI Roadmap), CMP3 and global regulatory developments, the SC is targeting to issue a Guidance Note on Managing ESG Risks to assist and guide FMCs in establishing and further developing their responsible investment framework, focusing on ESG investment and risk policies, and procedures towards effective analysis and management of material ESG risks as well as facilitating meaningful disclosures to investors. The proposed Guidance Note is targeted for issuance in the 1<sup>st</sup> half of 2022.

### Outreach Programme on Anti-Money Laundering/Counter Financing of Terrorism

The SC held a one-day seminar to share with the industry the outcomes and recommendations of the National Risk Assessment on Money Laundering and Terrorism Financing (ML/TF) Risk, prepared by the National Coordination Committee to the Counter Money Laundering Working Group. At the seminar, the sectoral risk assessment rating methodology was also discussed to support the industry in designing effective measures to manage their ML/TF risks, as well as the corresponding mitigating AML/CFT controls. The seminar would further enhance the industry's understanding of the risk-based approach for AML/CFT following a compliance workshop on AML/CFT in 2020.

### Guidance to market intermediaries

The SC continued to maintain close communication with market intermediaries and provided guidance through the issuance of Guidance Notes, circulars and communications to the industry. Among them were:

- i. *Guidance Note on Controls by Fund Management Companies in Managing Material Non-Public Information.*



[Read more](#)

- ii. *Guidance Note on Practices by Fund Management Companies in respect of Wholesale Funds.*



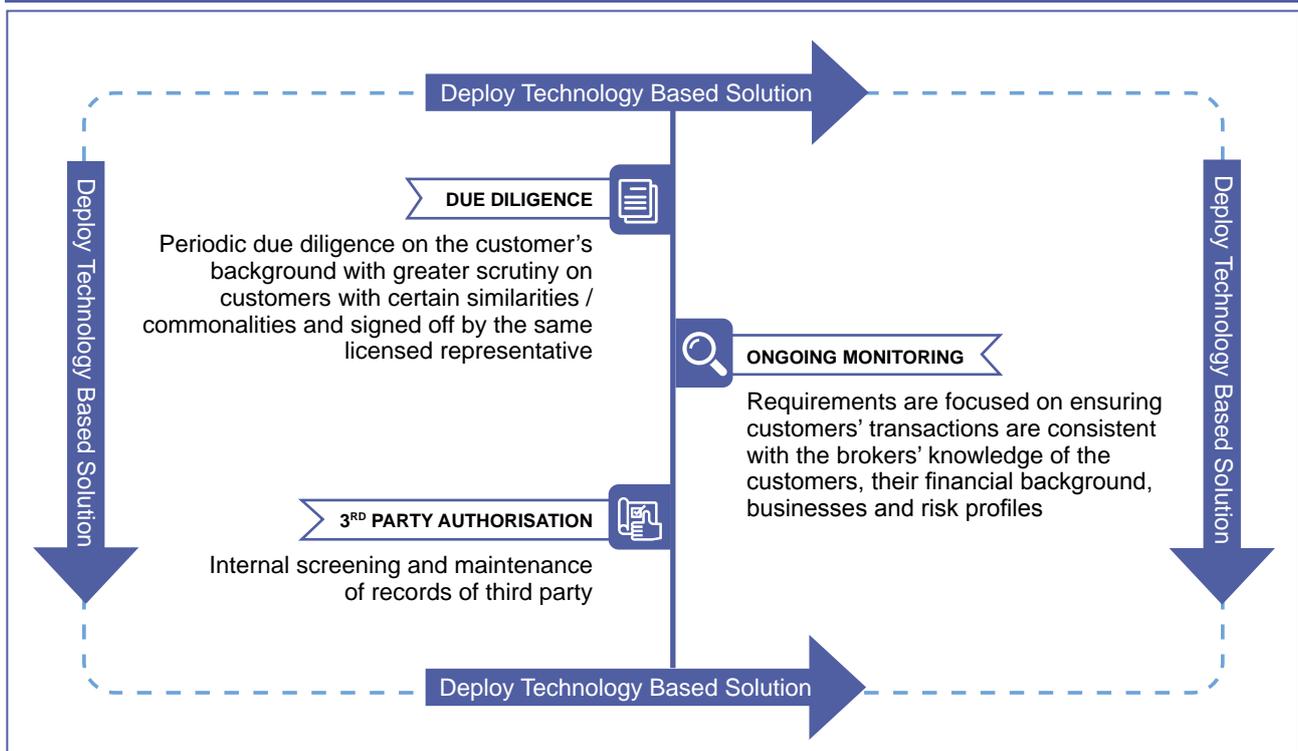
[Read more](#)

- iii. *Guidance Note on Oversight of Licensed Representatives by Stockbroking Companies.*



[Read more](#)

## GUIDANCE NOTE ON OVERSIGHT OF LICENSED REPRESENTATIVES BY STOCKBROKING COMPANIES



- iv. *Practice Note on Controls for Higher Daily Online Settlement.*



 [Read more](#)

- v. Article on *Upholding Corporate Anti-Bribery and Corruption Measures in the Capital Market* issued in the SC publication, *The Reporter*.



 [Read more](#)

- vi. Sharing of observations and good practices by capital market intermediaries with the corporate liability provision.
- vii. Communication to intermediaries on the need in ensuring customers information is kept updated.
- viii. Circular to holders of capital markets service licence carrying on the business of dealing in securities on the treatment of clients' monies.

These Guidance Notes and communications outline best practices, clarifications, and areas where intermediaries should pay special attention or heighten their monitoring.

### ***New and Revised Guidelines***

To ensure that the SC's regulatory framework remain relevant, clear and updated, new guidelines were issued and revisions were made to relevant guidelines to include additional provisions to address various emerging concerns.

<b>Guidelines</b>	<b>Details of revision</b>
<i>Guidelines on Prevention of Money Laundering and Terrorism Financing for Reporting Institutions in the Capital Market</i> (Revised: 26 April 2021)	 
<i>Guidelines on Market Conduct and Business Practices for Stockbroking Companies and Licensed Representatives</i> (Revised: 20 May 2021)	 
<i>Guidelines on Compliance Function for Fund Management Companies</i> (Revised: 5 July 2021 and 21 December 2021)	 
<i>Guidelines on Corporate Governance for Capital Market Intermediaries</i> (Issued: 31 December 2021)	 
<i>Guidelines on Conduct for Capital Market Intermediaries</i> (Issued: 31 December 2021)	 

## EMBRACING THE DIGITAL AGE

While the SC welcomes digital innovations which are beneficial to the capital market, it is also cognisant of the potential risks associated with the digital space. In particular, increased adoption of digitisation in capital market activities, operations of market intermediaries, market infrastructure, and market-based financing platforms call for vigilant management of cyber security risk to minimise disruption to the capital market, protect investors' confidential data, and preserve market confidence.

Greater use of data and technology will enable the SC to improve its oversight, surveillance, and analytical capabilities as well as support forward-looking supervision and policymaking. This will also complement the adoption of RegTech within the industry, improving compliance outcomes, strengthening reporting, and better managing key risks for greater overall efficiency.

## Enhancing Cyber Resilience

Rapidly evolving cyber security threats present a growing challenge for organisations globally. As part of efforts to promote a strong cyber security culture within capital market entities, the SC had undertaken various programmes to improve cyber hygiene and increase awareness of cyber risks.

### Capital Market Cyber Simulation 2021

The SC collaborated with the National Cyber Security Agency and Cyber Security Malaysia to co-ordinate the fourth annual cyber simulation for capital market entities. A total of 101 companies participated in the simulation (an increase of nine from 2020), including those that are technology-dependent and have a high financial impact on the capital market. The primary objective of this exercise was to evaluate the efficiency and weaknesses of the existing cyber security incident response procedures, and the results obtained were subsequently used to evaluate the cyber security resilience of the capital market entities.

In 2021, tougher scenarios were simulated with a theme of 'Double Extortion Impacting Capital Market'.

This is in line with the SC's observations on the global threat landscape, where instead of just encrypting files, cyber-criminals employ double extortion ransomware that exfiltrates the data first. For example, where organisations refuse to pay the demanded ransom, their information may be leaked online or sold on the dark web.

Based on the simulation exercise, the SC's overall observation was that participants gained more experience and skills in cyber security and incident handling when given tougher scenarios year after year. The simulation met the objective of improving awareness and prompt response to cyber-attacks that broadly threaten the capital market.

### Threat intelligence

To inculcate more robust cyber security advisory and communication to the capital market, the SC explored the cyber security pool expertise to obtain globally sourced, enriched, and actionable industry-specific cyber intelligence. The cyber security intelligence experts, being an international trusted hub for cyber intelligence sharing, support the SC in maintaining a robust and dynamic cyber security framework for the Malaysian capital market. In 2021, the SC released a number of advisories to capital market entities via its cyber security portal, the SC Vault<sup>7</sup> to ensure that they were informed on effective mitigation and are taking proactive actions against cyber threats.

### Compliance to Guidelines on Management of Cyber Risk and Cyber Defence Survey

As part of efforts to strengthen the market's cyber security resilience, the SC undertook a self-declaration exercise on the compliance status of capital market entities with the SC's *Guidelines on Management of Cyber Risk*. Following the self-declaration exercise, the SC conducted a survey on cyber defence assessment which focused on areas of prevention, detection, and timely responses to attacks or threats. From the survey, the SC identified which cyber security efforts required further enhancements in order to effectively mount an agile cyber defence.

<sup>7</sup> The SC Vault is a cyber-security portal that the SC uses to engage with all capital market entities since it went live in 2018. Apart from advisories, the SC Vault portal is also used by capital market entities to report any cyber-related incidents to the SC.

### Monitoring of Market Cyber Incidents

In 2021, the world witnessed a large scale of security vulnerabilities and cyber-attacks, impacting organisations of all sizes, especially those with limited awareness and capability to defend themselves. Locally, the SC observed higher occurrences of ransomware, data breaches, and phishing compared to 2020. This demonstrated the growing challenges relating to cyber security and privacy protection, which further amplified the necessity for the SC to continuously engage the industry and augment the industry’s response and recovery capabilities.

### Embracing Supervisory Technology

In line with the SC’s SupTech efforts, data analytic tools were developed to complement its core market surveillance system in the course of analysing trading activities. The data analytics tools are based on a quantitative model to support deep analyses of large

and complex trading data and the identification of patterns such as potential trading clusters among market participants. This enabled the SC to achieve greater efficiency in analysing possible market misconducts.

For example, in order to facilitate more efficient oversight and monitoring of increasingly active trading activities in digital assets, the SC deployed in-house data analytics expertise to develop and enhance monitoring dashboards that are fit-for-purpose in providing relevant insights and analyses of voluminous DAX trading data. Additionally, the SC also conducted engagements with the registered DAXs to address any trading concerns and to continue facilitating the development of market participants within the regulated digital assets framework.

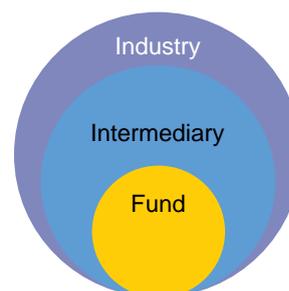
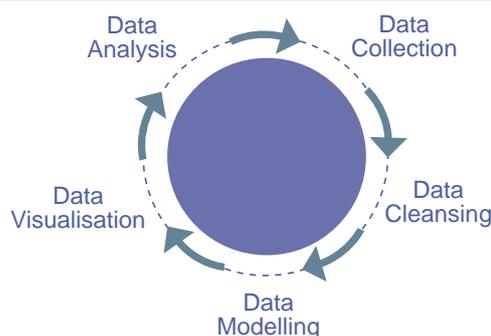
The first phase of the SupTech project involved a pilot exercise covering fund investments. Further information on this pilot project is provided in Figure 6.

FIGURE 6

## EMBRACING SUPTECH

The first phase of the SupTech project involved collection of data on investments by unit trust funds from selected intermediaries, followed by a data cleansing process, which entails active engagement with the intermediaries to ensure cleaned and usable data for subsequent data modelling, visualisation, and analysis. The intended outcome of this exercise is to facilitate and enable the supervisors to have a holistic view of investments by unit trust funds, as well as identify potential risk based on identified criteria at the fund, intermediary or industry level.

The SC envisages that this project will be expanded to various other areas to gradually enhance the current supervisory method of data sampling and assessment of processes to a population-based and full-picture view of intermediaries’ behaviour and practices, allowing for timely intervention on emerging risks.



## FOCUSING ON SWIFT, EFFECTIVE AND TARGETED ENFORCEMENT

To balance market integrity with proportionality as well as to ensure effective and credible deterrence, the enforcement strategy pursued in 2021 was focused on achieving swift, effective and targeted outcomes.

### ENFORCEMENT ACTIONS 2021

#### CRIMINAL ACTION

Ten criminal charges were filed against six individuals and one PLC for unlicensed activities and furnishing false information in financial reporting. Additionally, one criminal forfeiture application was filed against an individual and a private limited company in connection to money laundering offences. Three convictions were secured against three individuals for cases involving insider trading, furnishing misleading information in financial reporting, and failure to appear before an Investigating Officer of the SC in connection with an investigation under the *Anti-Money Laundering, Anti-Terrorism and Proceeds of Unlawful Activities Act 2021* (AMLATFPUAA).



**6 individuals and  
1 entity charged**



**10 criminal  
charges filed**



**1 individual and 1 entity  
involved in criminal  
forfeiture applications**



**1 criminal  
forfeiture  
application**



**3 convictions  
obtained**



**3 custodial  
sentences**



**RM7,575,000 total  
fine imposed**

### Furnishing false information to Bursa Malaysia

On 30 September 2021, Ong Kar Kian (Ong), the former Group Accountant of listed entity Asia Media Group Bhd (Asia Media) faced criminal charges in relation to falsified revenue in Asia Media's quarterly results for the 4<sup>th</sup> quarter of 2015.



[Read more on updates on criminal prosecution in 2021](#)



[Read more on media release 'SC charges former group accountant of Asia Media Group Bhd'](#)

### Furnishing false information to Bursa Malaysia

On 28 and 29 December 2021, the SC charged Serba Dinamik Holdings Bhd (Serba Dinamik), its Chief Executive Officer/Group Managing Director – Dato' Dr Ir. Ts. Mohd Abdul Karim Abdullah and its officers – Datuk Syed Nazim Syed Faisal, Azhan Azmi and Muhammad Hafiz Othman with furnishing false statement in relation to the revenue figure of RM6.014 billion contained in Serba Dinamik's *Quarterly Report on Consolidated Results for the Quarter and Year ended 31 December 2020*.



[Read more on media release 'SC charges Serba Dinamik, its director and officers for false information in its financial statement'](#)

### Furnishing misleading information to Bursa Malaysia

On 18 October 2021, the High Court dismissed Gan Boon Aun's (Gan) appeal against his conviction for an offence of knowingly furnishing misleading information to Bursa Malaysia. The misleading information was in relation to Transmile Group Bhd's (Transmile) revenue in the company's *Quarterly Report on Unaudited Consolidated Results for the Financial Year ended 31 December 2006*.



[Read more on updates on criminal prosecution in 2021](#)



[Read more on media release 'Warrant of arrest issued against ex-CEO of Transmile'](#)

### Criminal asset forfeiture on money laundering offence

On 3 May 2021, following the investigation conducted by the SC, the Public Prosecutor (PP) filed a Notice of Motion for asset forfeiture under section 56 of the AMLATFPUAA against Havana Bayview Sdn Bhd (Havana Bayview) and Wong Shee Kai (Ricky Wong). The application was filed to forfeit seized property, namely a multi-million ringgit luxury apartment in Kuala Lumpur belonging to Havana Bayview and a sum of RM445,039.28 in Ricky Wong's personal bank account. This marks the second asset forfeiture application in connection with securities fraud offences.



[Read more on filing of forfeiture application \(Wong Shee Kai\)](#)



[Read more on media release 'SC seeks assistance to locate Ricky Wong Shee Kai'](#)

## Holding out as a fund manager without the SC's licence

On 24 March 2021, Uzir Abdul Samad (Uzir), a former director of UAS Management Bistari Sdn Bhd faced three charges in the Johor Bahru Sessions Court for carrying out regulated activities of fund management without a licence and defrauding investors. One of the charges was under section 58(1) of the *Capital Markets and Services Act 2007* (CMSA) for holding himself out as a fund manager without the requisite Capital Markets Services Licence (CMSL) issued by the SC at the material time.



 [Read more on criminal prosecution initiated \(Uzir Abdul Samad\)](#)



 [Read more on media release 'SC seeks public help to locate Uzir Abdul Samad'](#)



 [Read more on media release 'SC charges unlicensed fund manager'](#)

## Insider trading by a corporate insider

Fang Siew Yee (Fang), a former Executive Director of Three-A Resources Bhd (3A), pleaded guilty to nine charges relating to insider trading on 24 March 2021. Fang was initially charged in 2016 with one charge of communicating material non-public information to her uncle, Fong Chiew Hean under section 188(3) of the CMSA. The information was in relation to the proposed collective venture between the businesses of 3A and Wilmar International Ltd (Wilmar) involving a 20% private placement of the issued and paid-up share capital of 3A to Wilmar.



 [Read more on outcome of criminal trials and appeals \(Fang Siew Yee\)](#)



 [Read more on media release 'Former executive director of Three-A Resources Bhd pleads guilty to insider trading offences'](#)

## Insider trading by a corporate insider

On 13 October 2021, the SC entered into a regulatory settlement with lawyer Dato' Sreesanthan Eliathamby (Sreesanthan) for insider trading breaches under section 89E(2)(a) of the SIA and 188(2)(a) of the CMSA. Sreesanthan paid a sum of RM900,000 as settlement for acquiring shares of Maxis Communications Bhd (Maxis), UEM World Bhd (UEM), and VADS Bhd (VADS) while in possession of material non-public information.



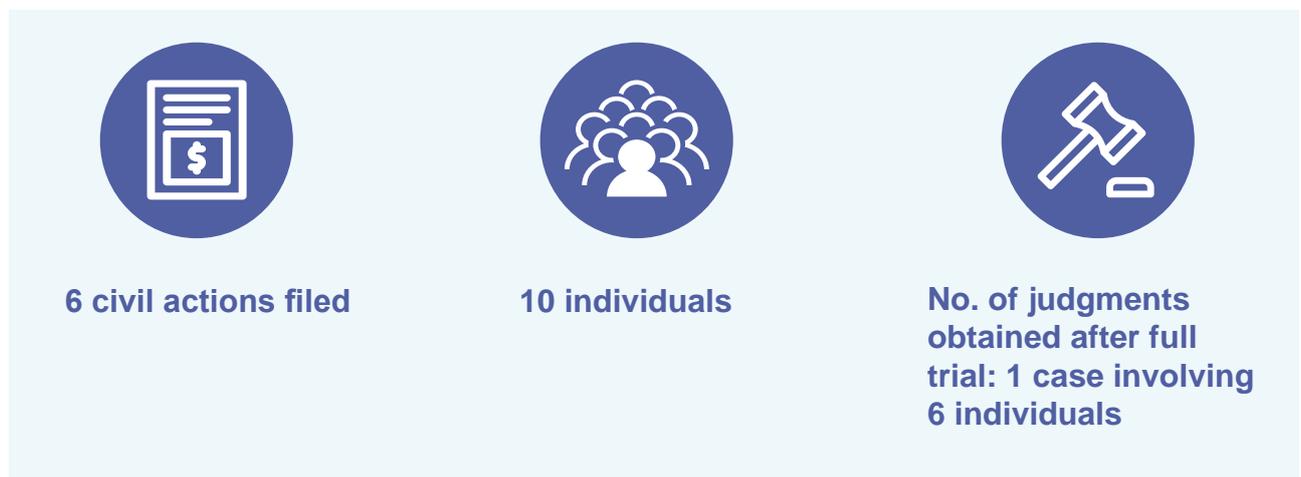
 [Read more on outcome of criminal trials and appeals \(Dato' Sreesanthan A/L Eliathamby\)](#)



 [Read more on media release 'Lawyer Dato' Sreesanthan settles SC charges for insider trading'](#)

## CIVIL ACTION

The SC filed six civil actions in 2021, against 10 individuals. Four consent judgments were also recorded between the SC and eight individuals.



### The SC exercised civil powers to recover investors' losses for fraud

On 30 March 2021, the Kuala Lumpur High Court ordered RBTR Asset Management Bhd (RBTR) and five other defendants namely Locke Guarantee Trust Ltd (LGT) New Zealand, Locke Capital Investments Ltd (LCI) British Virgin Island, Isaac Paul Ratnam, Joseph Lee Chee Hock, and Nicholas Chan Weng Sung (the Defendants) to pay RM13.352 million in restitution for their role in the Euro Deposit Investment (EDI) scheme.



[Read more for details of civil action \(RBTR Asset Management Bhd, Locke Capital Investments LTD \(LCI\) British Virgin Island, Isaac Paul Ratnam, Joseph Lee Chee Hock, and Nicholas Chan Weng Sung\)](#)

**REGULATORY SETTLEMENT**



**9 cases of regulatory settlements entered**



**10 individuals involved**



**RM4,962,565.81 amount disgorged**

**RESTITUTION**



**RM2,741,864.85 amount restituted**



**721 investors restituted**



**RM1,601,388.79 amount earmarked for further restitution**



**501 investors earmarked for further restitution**

**RESTRAINING AND BARRING ORDER**

No. of individuals restrained from trading on Bursa Malaysia



**3 directors of PLCs**



**1 licensed person**



**1 private individual**

No. of individuals barred as Director



**5 directors of PLCs**



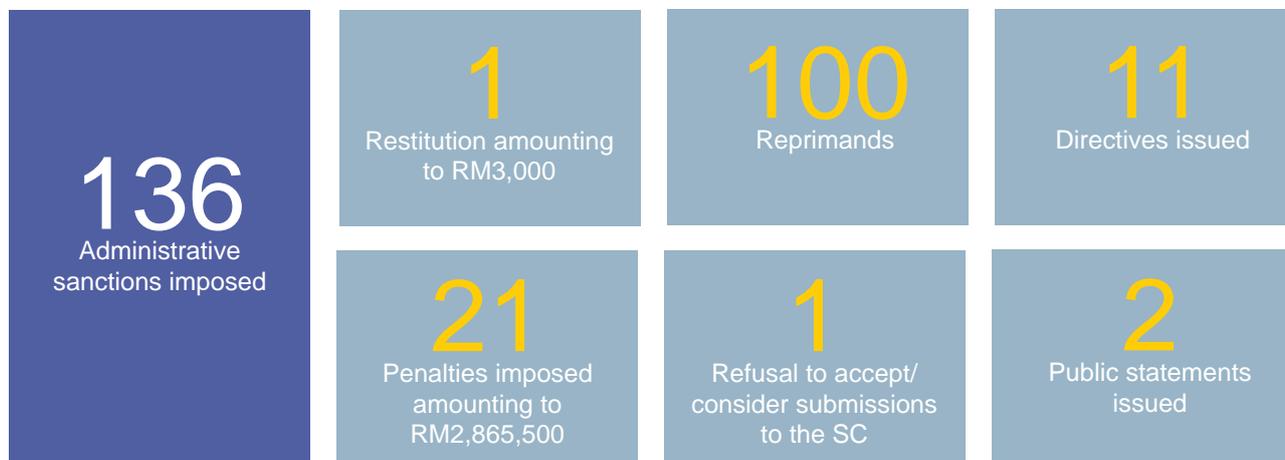
**1 licensed person**



**1 private individual**

## ADMINISTRATIVE ACTION

A total of 136 administrative sanctions were imposed for various breaches of securities laws and the SC’s Guidelines.



### Operating as RMO without authorisation from the SC

On 26 July 2021, the SC reprimanded and issued a directive against Binance Holdings Ltd, Binance Digital Ltd, Binance UAB, Binance Asia Services Pte Ltd, and Zhao Changpeng (Zhao), Chief Executive Officer and Director of Binance Holdings Ltd for operating a DAX without registering as RMO with the SC.



[Read more for details of administrative action \(Binance Holdings Ltd\)](#)



[Read more on media release ‘SC takes enforcement actions on Binance for illegally operating in Malaysia’](#)

## INFRINGEMENT NOTICES

Apart from the formal enforcement tools, the SC also relies on its non-statutory enforcement tools when conducting monitoring, gatekeeping, and supervisory functions. To this end, Infringement Notices are issued for breaches of securities laws or the SC's Guidelines that do not warrant a criminal, civil, or administrative action. A total of 133 Infringement Notices were issued in 2021, as detailed below:



**41 supervisory  
letters involving  
infringement  
issued**



**22 warning  
letters issued**



**42 non-compliance  
letters issued**



**28 cease and  
desist letters  
issued**

### Order to cease and desist from operating a decentralized exchange

Following information received from the public, the SC issued a cease and desist order to RimauSwap (<https://rimauswap.finance/>) for operating a decentralized exchange (DEX) without authorisation. RimauSwap was also placed on the SC's *Investor Alert List*. The SC has not authorised any DEX operators in Malaysia. Investors were warned that those who trade with unlicensed or unregistered entities or individuals are not protected under the Malaysian securities laws, and are exposed to risks, such as fraud and money laundering.



[Read more on media release 'SC cautions against unauthorised decentralized exchanges \(DEX\), issues cease and desist order to Rimau Swap'](#)

## HIGHLIGHT CASE: REGULATORY SETTLEMENT WITH AMMB HOLDINGS BHD

### The SC's investigation on AmBank Group's involvement in 1MDB related matters

The SC had completed its investigation on AMMB Holdings Bhd (AmBank Group) for engaging in acts to defraud the Government of Malaysia (GOM) and 1MDB as well as non-compliance with the SC's relevant laws and guidelines. The breaches relate to:

- RM5.0 billion, Government Guaranteed Islamic Medium Term Notes (IMTN) Programme, due in 2039, issued by the Terengganu Investment Authority (now known as 1MDB) in May 2009; and
- RM2.4 billion Sukuk Murabahah Programme, due between 2021 and 2024, issued by Bandar Malaysia Sdn Bhd in February 2014 and December 2014.

On 26 February 2021, AmBank Group agreed to pay RM2.83 billion to GOM for a global settlement on all outstanding claims and actions in relation to AmBank Group's involvement in 1MDB related matters.



[Read more for regulatory settlement with AMMB Holdings Bhd](#)

### Continuous initiatives to enhance enforcement efforts

#### *Collaboration with other law enforcement agencies and cross-border investigations*

Recognising that securities offences have no borders and may involve multiple jurisdictions, the SC's enforcement efforts were further enhanced via successful collaboration with other law enforcement agencies and/or regulators within and outside Malaysia.

The SC was involved in joint operations co-ordinated by the National Anti-Financial Crime Centre along with BNM, Royal Malaysia Police (PDRM), Malaysian Anti-Corruption Commission (MACC), Companies Commission of Malaysia (CCM) and Cyber Security Malaysia.

For international co-operation, the IOSCO's Multilateral Memorandum of Understanding (IOSCO MMoU) is the main mechanism used for information sharing and evidence gathering on cross-border misconduct. In 2021, the SC liaised with 15 foreign supervisory authorities pursuant to the IOSCO MMoU, to seek assistance from its counterpart.

### *Fast Track Enforcement*

To expedite the outcome of some of the SC's enforcement actions, dedicated internal Task Forces were formed. In 2021, four separate dedicated Task Forces were set up to deliver swifter enforcement outcomes.

The SC also enhanced its internal processes by implementing a Fast Track Enforcement Process that facilitates an expeditious review and investigation on identified cases.

### *Enhanced capabilities through greater digitisation of investigation and enforcement process*

The SC established its in-house Digital Forensics (DF) team in September 2020 as part of its initiative to increase efficiency. In 2021, there was a substantial increase of more than 500% for DF related assessment (as shown in the table below), with a marked improvement of turnaround time from the previous three to six months to an average of three to six weeks in responding to the requests made.

Year	Total number of requests
2020	8*
2021	51

} **>500% increase**

\*all DF requests prior to September 2020 were handled by an external party.

The DF team continued to improve its scope and capabilities, keeping abreast with developments in the digital forensics space through established collaborations with the local and international digital forensics community.

### Leveraging technology during pandemic times

The SC formulated an efficient, safe, and secure infrastructure to ensure its investigation officers (IOs) are able to continue discharging their responsibilities in a conducive manner while adhering to the health and safety SOPs, which include protocols for virtual statement recording from witnesses.

### Collaborations for capacity building in the digital asset space

Collaboration and exchange of knowledge, skills, and expertise among law enforcement authorities both inside and outside Malaysia are critical in driving the success of the SC’s investigations. In this respect, the SC had the opportunity to obtain valuable insights from experts from the US on digital asset investigation through its collaboration with the US Embassy in Kuala Lumpur. Similar efforts would continue with other international counterparts on a regular basis to discuss enforcement and supervisory issues, as well as enhancing information sharing protocols.

## EMPOWERING INVESTORS

In ensuring that investors are able to make informed financial and investment decisions, the SC continued to prioritise investor empowerment initiatives through investor education programmes. This included adopting greater use of social media platforms to alert vulnerable investors of possible scams or unlicensed activities and widening investor outreach programmes to be more targeted towards senior and rural investors.

### Investor Alert List

In 2021, the SC made 275 new entries in the SC’s *Investor Alert List*, compared to 134 entries in 2020, warning the public against dealing or investing in unlicensed activities and scams. These were followed by media announcements and postings on the SC’s InvestSmart® social media channels to ensure a wider reach to the public.



### Blocking of websites and social media

The SC, with the assistance from the Malaysian Communications and Multimedia Commission (MCMC) blocked 143 websites found to be carrying out unlicensed activities, scams, and misusing the SC’s name and logo. Further, the SC also received assistance from Facebook Malaysia to geo-block 35 Facebook accounts.

## Targeted actions on unlicensed investment advice

In 2021, the SC placed 40 operators comprising entities and related individuals on the SC's *Investor Alert List* for carrying out the business of investment advice without a licence. The SC also concurrently directed 23 such operators to cease and desist from undertaking all activities in relation to unlicensed investment advice.



[Refer to the SC's Investor Alert List](#)

## Investors' behaviour and motivation

In 2021, the SC concluded an investor survey focused on the youth to assess the level of knowledge, behaviours, and motivation to participate in the capital market. The Nielsen Company (M) Sdn Bhd was commissioned by the SC to conduct the survey on its behalf.

## Youth awareness of capital market products

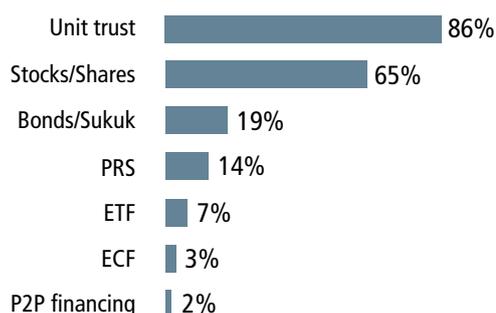
Findings indicated that overall, the respondents were more aware of non-capital market products such as insurance, Tabung Haji, and fixed deposits, compared to capital market products. On respondents' awareness of capital market products, unit trusts and stocks/shares were the highest recorded, comprising 86% and 65%, respectively (Chart 1).

Findings also revealed that the investment decisions of respondents were not solely based on fundamentals. Instead, they were also driven by other influences such as socioeconomic status, family, friends, influencers and their perceptions of the products and brands. There was also familiarity bias among the respondents, preferring to invest in products that they were already familiar with.

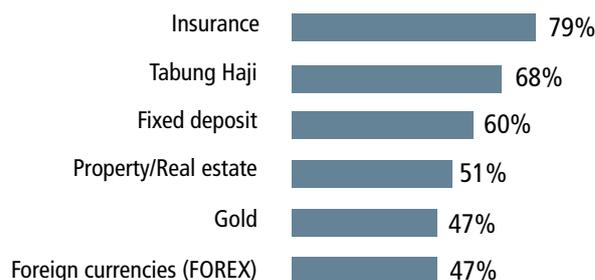
Chart  
1

### Youth awareness of capital market products

#### Top 7 Capital Market Products



#### Top 6 Non-Capital Market Products



### Youth's perception towards risk

When respondents were asked on the level of risk that they were willing to take for their ideal investment, only 3% considered themselves to have a high-risk appetite. This may suggest that risk aversion has set in due to the pandemic.

3%

Have a High risk appetite

97%

Have a Medium to Low risk appetite

On capital market products and their associated risks, respondents viewed investments in Amanah Saham

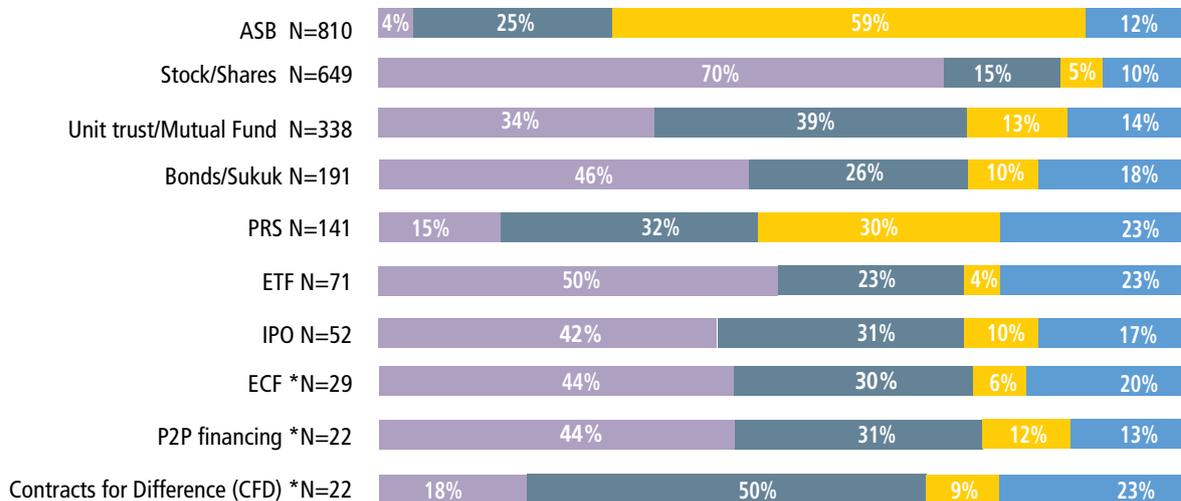
Bumiputera (ASB) as low-risk. In comparison, 70% of the respondents perceived stocks/shares to be high-risk (Chart 2). Overall observations suggested that respondents perceived the capital market products as high-risk and this perception was consistent across the demographic profiles.

### Youth's priorities

Building wealth and investment was only a priority for roughly one-third of the sampled population. The others viewed having emergency funds, savings to support family, and paying off debts as their priorities (Table 1). This shows that respondents would use their income towards emergency funds and savings earlier in life and would only focus on retirement at a later stage.

Chart 2

Youth's perception towards risk



\*caution:low base(<30) High risk Medium risk Low risk Don't know / Not sure

Table 1 Youth priorities	
Top priorities	%
Have enough monies set aside for emergency purpose	69
Have enough savings to support children/family	68
Pay off existing debts/loans	55
Starting my own business	37
Building wealth/investment	35
Buying assets (eg. properties for own stay/investment)	34
Saving for my own education	32
Building up retirement fund	27
Have enough monies for leisure (eg. vacation, buying desired items)	24
Early retirement	21

The findings suggested that respondents considered several factors prior to investing, such as being aware of how much money was available for them to invest, advice as well as recommendations from friends and family, including the potential returns of the investment. This shows that those with low disposable income would find it more difficult to set aside money for investment, especially when paired with risk concerns.

### Factors considered before investing

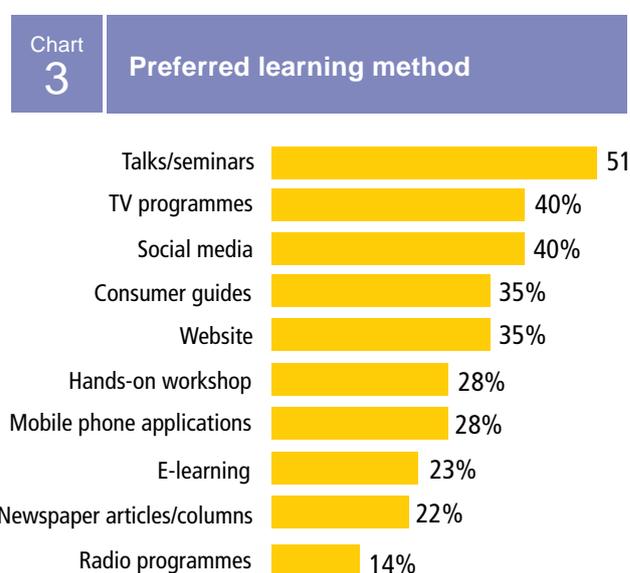
**47%** How much money I have available to invest

**45%** Advice/recommendations from friends and family/colleagues

**44%** Potential returns I will get from the investment

In terms of the preferred learning method on the capital market, 51% preferred financial investment talks. Additionally, the findings also showed that respondents preferred online media such as social media and websites, compared to traditional media such as newspapers and magazines (Chart 3).

The findings suggested that the SC's investor education events were essential and would continue to be a valuable platform for investors to gain knowledge. Responses gathered served as references for the SC to formulate necessary interventions through targeted outreach programmes, where possible, to advance investor protection efforts.



### InvestSmart® awareness initiatives on unlicensed activities and scams

The SC's investor empowerment initiative, InvestSmart® carried out various activities to promote investment literacy and awareness on unlicensed activities and scams to the public. Amid the COVID-19 pandemic in 2021, InvestSmart® continued to utilise various digital and online tools including social media channels like Facebook, Instagram, Twitter and YouTube to reach out to the Malaysian public with timely alerts, reminders and guidance to avoid unlicensed activities and scams.



In 2021, the SC participated in Facebook Malaysia's #TakNakScam campaign held from July 2021 to October 2021 with nine other institutions, including PDRM and Bursa Malaysia. Promoting awareness on unlicensed activities and scams remained a central focus during the Virtual InvestSmart® Fest 2021 held in October 2021, with the theme, "#JagaDiri #JagaPelaburan".



In conjunction with the Virtual InvestSmart® Fest 2021, the Virtual ScamBuster Treasure Hunt 2021 was organised with the hashtag #SayNoToScams to further raise awareness on scams and unlicensed activities. Monthly InvestSmart® Online Series webinars and Digital Literacy for Seniors webinars were organised for the public to gain knowledge on legitimate products and services offered by the capital market. These webinars, which were recorded and subsequently uploaded on InvestSmart® social media platforms to reach out to a wider audience, also promoted anti-scams awareness messages.

InvestSmart® frequently sends out reminders that investors who trade with unlicensed or unregistered entities or individuals are not protected under the Malaysian securities laws, and are exposed to risks, such as fraud and money laundering.

Further details on the SC's investor empowerment initiatives through InvestSmart® are highlighted in Part 4 (Statistics, Statements and Activities).

## Public Service Announcements

The SC continued its collaboration with the Ministry of Multimedia and Communication Malaysia to promote anti-scams awareness messaging nationwide through public service announcements in the form of a video. The three-part anti-scams awareness video titled, *Silap Labur Duit Lebur* was shown nationwide on television for three months.

## Facilitating resolution

The Securities Industry Dispute Resolution Center (SIDREC) is an independent and impartial dispute resolution body for the capital market.

In 2021, SIDREC received 275 claims and enquiries (2020: 259), out of which 47 were eligible disputes. Continuing past trends, 88% of the eligible disputes in 2021 were resolved through case management and mediation without having to proceed to adjudication.

For the year 2021, SIDREC continued to conduct its mediation sessions and adjudication hearings either fully virtual or on a hybrid basis in view of the pandemic.

## Strengthening Consumer Credit Protection

The Ministry of Finance, BNM, and the SC achieved a new milestone in July 2021 with the formation of a Consumer Credit Oversight Board (CCOB) Task Force. The Task Force is responsible for driving inter-Ministry efforts to enact the *Consumer Credit Act* (CCA) and putting in place the building blocks for the operationalisation of the CCOB.

The CCOB, as a new independent conduct authority under the Ministry of Finance, will have oversight of all consumer credit activities, starting with providers who are currently unregulated. Concurrently, BNM and the SC are also conducting a feasibility study on the potential consolidation of conduct supervision for all intermediaries in the financial industry under a new integrated conduct authority.



# EXPANDING BREADTH, INNOVATION AND COMPETITIVENESS OF MARKET



## INTRODUCTION

Broadening capital market access continues to be an important driver in expanding the breadth, innovation and competitiveness of the Malaysian capital market. At the same time, effective capital market access requires alignment with development within the larger stakeholder economy and the creation of an ecosystem that would drive business sustainability across all segments of the Malaysian capital market.

In this context, the SC carried out developmental efforts to ensure that the market would continue on the path of sustainable economic recovery and growth within an inclusive stakeholder environment.

### STRENGTHENING INVESTMENT AND FUNDING ECOSYSTEM

Towards creating an investment and funding ecosystem that is relevant, efficient and diversified, the SC had introduced flexibilities and facilitated innovation, aimed at expanding investment options and access, as well as enhancing the efficiency of the public markets.

#### Enhancing Investment and Advisory Options

##### Expanding categories of sophisticated investors to provide greater access to capital market products

Given the ever-changing investor base and market conditions, the SC continues to review regulations to meet market and investors' needs. The following initiatives were carried out to allow investors to expand their investment options while at the same time enabling issuers to tap into a larger pool of sophisticated investors.

- In July 2021, Schedules 6 and 7 of the CMSA were amended to widen the categories of persons who qualify as 'sophisticated investors'. These included, among others, individuals with investments of RM1 million in capital market products, either on their own or through joint accounts with their spouse; CEOs and directors of licensed or registered persons under the CMSA; and corporations that manage funds of their related companies with assets of more than RM10 million.
- In August 2021, in line with the amendments to the respective Schedules, the SC issued a technical note to further clarify the categories of high-net-worth individuals (HNWI) and high-net-worth entities (HNWE) under Schedules 6 and 7 of the CMSA. The technical note, among others, clarified the categorisation of HNWE and calculation of the threshold to qualify as an HNWI.



[Read more on Updated Categories of Sophisticated Investors \(as at 1 July 2021\)](#)



[Read more on media release 'SC amends capital market laws to widen categories of sophisticated investors, exemption for SC's approval on corporate proposals'](#)

### Broadening and strengthening the role of financial planning industry

Following the launch of the three-year joint action plan for the financial planning industry in 2020, the industry had witnessed the following encouraging developments:

- As at end 2021, 20% of financial planning firms had representatives fulfilling the additional competency requirements to provide specific advice to investors on a wider spectrum of securities. These securities include listed securities such as equities, debentures or warrants listed on Bursa Securities, as well as unlisted corporate bonds or sukuk. Investors would be able to obtain a more comprehensive financial plan, thus encouraging a more holistic approach to investment planning by the industry.
- Recommendation on elevating the industry's overall standards and practices was completed via the harmonisation and elevation of the code of ethics and best practice standards by the relevant certification associations for financial planners. The industry code of ethics focused on elements such as integrity, fairness and competency, together with best practices served as a benchmark for professional conduct expected of a licensed financial planner.

The joint action plan was also aligned with the SC's objective to empower investors to make informed investment decisions and be aware of investment frauds. The industry had set up an Investor Protection Group to provide guidance to financial planners and centralise assessment regarding doubtful activities.

### Promoting competitiveness and innovation in the unit trust fund industry

In December 2021, the *Guidelines on Unit Trust Funds* was revised to promote competitiveness and innovation within a balanced and proactive oversight regime.

Key revisions, among others, entail the following:

- Expanding requirements to allow foreign securities

lending activity as well as allowing sale and repurchase transactions and reverse repurchase transactions for efficient portfolio management;

- Allowing investments in investment accounts, which are products regulated by BNM, investment in physical-backed metal ETF, and increased exposure to foreign government securities;
- Removing restrictions on a management company's ability to hold units in its funds provided that adequate policies, procedures and controls are established to manage any potential conflict of interests; and
- Removing restrictions on sources of distribution by a fund subject to adequate disclosures to investors.

The following controls and safeguard measures were also introduced to uphold investor protection:

- Strengthening requirements on unit trust management companies' risk management for their business and funds; and
- Requiring unit trust management companies to disclose fund information on their website to promote greater transparency and access to information.



[Read more on Revised Guidelines on Unit Trust Funds](#)



[Read more on media release 'SC broadens access to investments; liberalises unit trust framework'](#)

### Facilitating cross-border access to ASEAN Collective Investment Schemes

Connectivity via the cross-border offering of funds was enhanced with the admission of the Securities and Exchange Commission (SEC) Philippines into the ASEAN Collective Investment Schemes (CIS) Framework in May 2021. Joining the earlier signatories, namely the SC, the Monetary Authority of Singapore, and the SEC Thailand, the ASEAN CIS Framework aims to facilitate cross-border product access and fund distribution for investors and issuers, respectively.

With the SEC Philippines' participation in the ASEAN CIS Framework, eligible management companies in Malaysia may now offer eligible funds to retail investors in Philippines (in addition to Singapore and Thailand) and qualified investment companies in the Philippines and their fund managers will also be able to offer eligible funds to retail investors in Malaysia, Singapore, and Thailand.

### Strengthening international trade

The SC continued to be involved in various regional and international committees and trade agreements to support the Government's overall international trade and economic agenda. Participation in these fora also facilitated access into the Malaysian market, while safeguarding the interests of Malaysian investors and companies abroad. The SC's involvement includes the ASEAN Working Committee on Financial Services Liberalisation (WC-FSL), ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) review, and the Malaysia-European Free Trade Association Economic Partnership Agreement (MEEPA).

### Enabling Greater Efficiency of Public Market Fundraising

#### Promoting faster time-to-market via new frameworks for IPO/RTO and Principal Adviser

The new framework for initial public offering (IPO) and reverse take-over (RTO), which promotes shared responsibility among key stakeholders involved in the submission of an IPO for listing on the Main Market of

Bursa Malaysia, or RTO of corporations listed on the Main Market, came into effect on 1 January 2021.

Under the new IPO framework:

- Mandatory pre-submission holistic consultation between the SC and key stakeholders was introduced to enable issues to surface and be addressed prior to the formal submission of IPO/RTO applications. This had resulted in a smoother and more efficient review for companies seeking listing on the Main Market and more efficient processing of RTO applications.
- The exposure period for IPO prospectuses on the SC's website had been extended. The longer exposure period had enabled greater public participation in providing feedback on the draft prospectuses.

### Expanding the pool of Principal Advisers

The Principal Adviser (PA) regime had been liberalised to enable a larger pool of qualified professionals to be involved in the submission of IPO or RTO applications to the SC. This new regime came into effect on 1 January 2021 in conjunction with the new framework for IPO/RTO.

In 2021, the number of principal advisers had increased to 17 from 15 in 2020. In addition, the number of qualified professionals had increased significantly from 48 in 2020 to 86 in 2021. This liberalisation addressed the industry's concern on the small pool of corporate finance professionals who are able to make submissions to the SC, and in 2021, the SC had seen a higher number of corporate proposal transactions, including IPOs.

## ARTICLE 1

## PRIVATE PLACEMENT – STRENGTHENING THE PILLARS OF THE REGULATORY ECOSYSTEM

In light of the significant disruptions to the business environment due to the COVID-19 pandemic, the SC and Bursa Malaysia introduced various relief measures to assist PLCs in navigating through the pandemic. One of the relief measures allowed PLCs to increase the general mandate limit for a new issue of securities from the existing 10% to not more than 20% of the total number of issued shares, subject to certain conditions, initially for a period up to 31 December 2021. In December 2021, the deadline for the relief was extended to 31 December 2022 for PLCs that have yet to raise any funds using the 20% mandate in 2020 or 2021.

In 2021, the SC conducted a Policy Evaluation on this fundraising relief by examining the General Mandate Private Placements (GMPPs) announced in 2020 in line with the SC's adoption of an evidence-based regulatory policy framework. Comprehensive data on GMPPs announced in 2020 was collected and analysed, and the findings were used to provide a greater understanding of the GMPP market as well as to inform deliberations on similar policies.

In 2020, a total of 133 GMPPs were announced by 126 PLCs, with a total value announced standing at RM5 billion<sup>1</sup>. As shown in Chart 1, a total of 48 (36%) GMPPs were under the 20% mandate (20% GMPPs), while the remaining 85 (64%) GMPPs were under the usual 10% mandate (10% GMPPs). The total value announced under 20% GMPPs was RM2.1 billion (average of RM44 million per 20% GMPPs), while the total value announced under 10% GMPPs was RM2.9 billion (average of RM34 million per 10% GMPP).

In 2020,  
**48** PLCs  
benefitted from the 20%  
General Mandate Private  
Placements relief

Main Market PLCs announced 78 GMPPs (27 for 20% GMPPs and 51 for 10% GMPPs) while the ACE Market PLCs announced 55 GMPPs (21 for 20% GMPPs and 34 for 10% GMPPs). As a percentage of the total number of PLCs in each market, it was more common for ACE Market PLCs to announce GMPPs; around 40% of ACE Market PLCs announced GMPPs in 2020 compared to only around 10% of Main Market PLCs. As presented in Chart 2, the most active sectors to announce GMPPs were the Industrial and Technology sectors.

Chart 1  
GMPPs in 2020

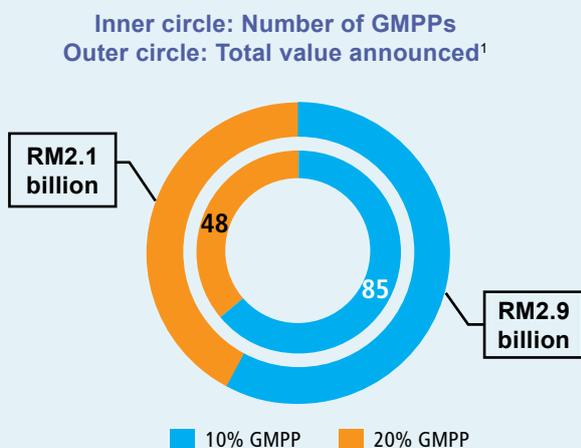
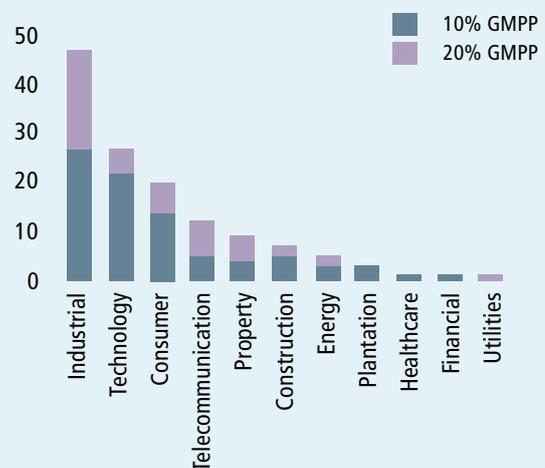


Chart 2  
Number of GMPPs announced in 2020 by sector



<sup>1</sup> 'Total value announced' refers to the total amount announced by the PLC when the GMPP was first announced and may differ from the actual amount raised.

The evaluation also revealed that the advisory market for GMPPs was concentrated among four PAs. These four PAs accounted for 71% of all GMPPs announced in 2020 and 52% (RM2.6 billion) of the total value announced.

Four Principal Advisers  
accounted for  
**71%**  
of all General Mandate  
Private Placements in  
2020

This evaluation also analysed the shareholder voting outcomes of each of the 20% GMPPs since the 20% GMPPs must be approved by shareholders in a general meeting. Generally, the SC observed that the level of dissent was very low; the proportion of dissenting votes was only 0.4% on average and 17 out of 48 resolutions received no dissent at all. The shareholder bases of these PLCs were also relatively small, with only an average of 33 shareholders needed to pass the resolution. While this could indicate overwhelming support for the 20% GMPP resolutions, it could also imply low levels of investor activism among minority and institutional shareholders. A further review in this area may be carried out to understand the underlying shareholder dynamics and heighten investor activism.

The SC's assessment highlighted that many PLCs had utilised the 20% GMPP relief (and the existing 10% GMPP policy) to help them weather through the pandemic.

In the UK, listed companies were also given the flexibility to raise funds up to 20% of their share capital on a temporary basis instead of the usual 5% for general corporate purposes, with an additional 5% for specified acquisitions or investments. The Pre-Emption Group, an industry body comprising listed companies, investors and intermediaries which exist to promote best practice in the observation of investors' pre-emption rights, recommends that listed companies intending to access this flexibility must fully explain the particular circumstances of the company, including how the companies are supporting their stakeholders. Alongside the issuance information, these companies are also expected to disclose the shareholder consultations undertaken prior to the issuance and efforts made to respect pre-emptive rights.

Both PLCs and investors have specific roles to collectively deliver robust protection for investors. As such, to promote market transparency, the industry and PLCs should take a cue from international best practices to provide adequate and meaningful GMPP disclosures to investors, and ensure proper utilisation of the proceeds raised. Investors should also exercise vigilance when reading the GMPP proposal documents and raise concerns, if any, during general meetings. PAs advising on GMPPs and the intermediaries involved must put in place robust processes, controls, and resources to ensure the highest quality of due diligence and compliance.

## Enhancing the SPAC framework

To ensure that the SPAC framework remains relevant, with the aim of spurring interest in deals involving SPACs, the *Equity Guidelines* was revised on 16 December 2021.

Under the revised SPAC framework:

- Qualifying acquisitions will no longer be limited to only cash acquisitions and may include business combinations;
- The threshold for shareholders' approval of the qualifying acquisition had been reduced from a special resolution of at least 75% majority to a simple majority approval by all shareholders present and voting. This served to minimise the greenmail issue faced by SPACs, where certain investors acquire interests in a SPAC and use their ability to vote against a proposed qualifying acquisition to obtain additional consideration from the SPAC's management team;
- Greater clarity was provided to allow professionals with extensive experience in PE and VC with asset sourcing and deal making experience to steer SPACs. This could potentially broaden the target asset universe, and spur mergers and acquisitions by Malaysian corporations; and
- Minimum IPO price had been raised from RM0.50 to RM2.00 to signal the higher risk of investing in SPACs *vis-à-vis* traditional IPOs.

This revised framework will be effective on 1 January 2022.



[Refer to Summary of Amendments of the Revised Equity Guidelines](#)

## Enhancing fundraising process via amendments to Schedules 5, 6 and 7 of CMSA

To increase the efficiency of the fundraising process, the SC exempted the following types of corporate proposals from requiring approval via amendments to Schedule 5 of the CMSA:

- initial exchange offering (IEO) of digital assets through an RMO; and
- IPO or cross-listing of the shares of a public company or listed corporation on a stock exchange outside Malaysia.

Schedules 6 and 7 of the CMSA had also been amended to enable Bursa Malaysia to undertake the registration of ACE Market prospectuses effective 1 January 2022. This amendment would result in Bursa Malaysia becoming the one-stop centre for all approvals in relation to ACE Market listings.

## Driving Greater Liquidity and Improving Market Vibrancy

### Enhancing market making framework

Recognising the importance of market makers in the capital market ecosystem, the SC approved a two-year pilot market making programme to increase the liquidity and price efficiency of selected mid to large capitalisation stocks with low velocity.

Stocks eligible for the programme are those with the following criteria:

#### Eligible stocks criteria

Daily market capitalisation	≥ RM500 million
Velocity	≤ 35%
Public float	≥ 15%

Market makers registered with Bursa will be market making a certain number of these eligible shares while adhering to a list of prescribed trading obligations.

To encourage participation from the market makers, various fee rebates and waivers were offered to attract market makers to participate in this two-year programme.

The pilot programme was rolled out in June 2021.

## Maintaining Competitiveness of the Derivatives Market

To cater to changing investor needs and reflect current market practices, a new futures contract was introduced, and modifications were also made to some existing contracts on Bursa Malaysia Derivatives (BMD).



### Streamlining the Crude Palm Kernel Oil Futures contract

After taking into account the growth of the crude palm oil industry, and the need for greater harmonisation among the available palm oil futures contracts on offer to traders and market participants, the Crude Palm Kernel Oil (FPKO) contract was revised and made available for trading from 8 March 2021.

As the palm oil industry pivots towards sustainability-friendly business practices, BMD requires traceability documents to be produced when there is delivery of palm kernel oil. This will provide some clarity for buyers looking to show a commitment to sustainability on where and how their palm oil is sourced. The number of delivery ports was also reduced to emphasise those with higher activity levels and greater proximity to palm oil production and consumption centres. Other changes to the FPKO contract included improved quality of deliverable oil and adjustment to its trading limits.



[Read more on media release 'Bursa Malaysia Derivatives revamps Crude Palm Kernel Oil Futures Contract \(FPKO\) to meet the needs of the industry'](#)



### Revision of existing MGS futures contracts

As part of an initiative to revamp and generate vitality in the MGS futures contracts, BMD announced a revamp to the existing 3-Year MGS futures contract (FMG3) and 10-Year MGS futures contract (FMGA).

To better align with the 5-Year MGS futures contract (FMG5), the settlement methodology for both the FMG3 and FMGA futures contracts was changed from cash to physical. Several modifications were also made to the contract specifications to ensure that both futures contracts can be traded efficiently as physically settled futures contracts.

The alignment of the three MGS futures contracts into physical delivery allowed BMD to offer products across the spectrum and meet the short, medium and long-term hedging needs of market participants. The FMG3 and FMGA contracts were relaunched to the market on 27 December 2021.



### Introducing a new derivatives contract: the East Malaysia Crude Palm Oil Futures

In providing market participants with a better avenue for price discovery of the crude palm oil market in East Malaysia, the East Malaysia Crude Palm Oil Futures (FEPO) contract was launched on 4 October 2021. The introduction of FEPO aimed to complement the FCPO contract to allow market participants of various needs and circumstances to hedge with greater ease.

The FEPO contract mirrors the original FCPO contract save for a few key changes. Firstly, the three-port tank installations in East Malaysia are chosen to ensure cost-efficient delivery of crude palm oil. Secondly, the contract starts trading half an hour earlier to allow arbitrage opportunities and greater visibility, particularly to the commodity traders in China's palm olein market of the Dalian Commodity Exchange. Market activity has been positive, with growth in trading volumes observed since the initial launch.



[Read more on media release 'Bursa Malaysia Derivatives launches East Malaysia Crude Palm Oil Futures \(FEPO\)'](#)



[Read more on details on FEPO](#)



### Enabling after-hours trading for the derivatives market

In line with the ongoing initiatives to enhance the competitiveness of the Malaysian derivatives market, trading hours of BMD were extended with the introduction of the after-hours trading on 6 December 2021.

The after-hours trading allowed market participants on BMD to trade commodity and equity index derivatives contracts from 9.00 pm to 11.30 pm from Monday to Thursday. Market participants would be able to integrate developments during the US and European trading hours into price discovery for the respective contracts. As a result, this had increased the effectiveness of BMD products as risk management tools, thereby attracting more global market players into trading derivatives products offered by BMD.

The after-hours trading recorded an encouraging start with participation from various market segments, both domestic and international.



[Read more on media release 'Bursa Malaysia Derivatives' Night Trading Goes Live on 6 December 2021'](#)



[Read more on Products Available in After-hours Trading Session](#)

## SPURRING CONTINUED GROWTH VIA DIGITAL DEVELOPMENTS AND INNOVATION

As the demand for digital and online services grew, the capital market continued to witness encouraging growth via digital innovation and the introduction of new business models; allowing intermediaries, businesses and investors to benefit from accessibility, efficiency, transparency and convenience.

### Diversifying Sources of Financing for MSMEs

Since their inception, new alternative financing platforms such as ECF and P2P financing have benefitted more than 4,000 MSMEs, with total funds raised at RM2.7 billion. While still relatively small in size, these alternative financing avenues had grown to become a viable source of financing for MSMEs, increasing their reach to small and emergent companies.

In particular, ECF and P2P financing had helped to address the financing needs of MSMEs during the pandemic, as both markets had raised more than RM1.8 billion since the start of the MCO in 2020.

As part of a continual evolution of the ECF market, several initiatives were introduced in 2021 to serve the needs of a wider range of businesses and spur market growth:

- The single lifetime fundraising limit on the ECF platform was raised to RM20 million from RM10 million previously to facilitate start-ups and MSMEs in raising early-stage financing in a flexible and competitive manner;
- The list of ECF eligible issuers was expanded to include unlisted public companies. To ensure parity of regulations, enhanced disclosure requirements were imposed, requiring unlisted public companies seeking funding through an ECF platform to submit among others, a prospectus as prescribed in the RMO Guidelines to the ECF operator; and



[Read more on the revised RMO Guidelines](#)

- Approval of the first Microfund was granted to an ECF operator to widen product offerings on the ECF platform. A microfund is a common vehicle set up by venture capitalists/angel investors to invest in start-ups or growth-stage companies.

## INITIATIVES TO SPUR FURTHER GROWTH OF ECF



**ECF fundraising limit raised from RM10 million to RM20 million**



**List of eligible ECF issuers expanded to include unlisted public companies**



**1<sup>st</sup> Microfund approved to be hosted on ECF platform**

### Catalysing access to financing via MyCIF

Since its establishment in 2019, the Malaysia Co-Investment Fund (MyCIF) has received RM180 million in allocation from the government for co-investment with private investors through ECF and P2P financing platforms. To date, MyCIF has successfully co-invested over RM357 million in more than 16,000 ECF and P2P financing campaigns, benefitting 2,280 MSMEs. The fund had co-invested alongside more than RM1.36 billion from private investors.

Separately, an additional RM5 million had been channelled to MyCIF to co-invest in Social Enterprises. MyCIF-Social Enterprise Scheme (MyCIF-SE) was operationalised in 2020, when MyCIF began co-investing in P2P financing campaigns involving social enterprises accredited by the Ministry of Entrepreneur Development and Cooperatives (MEDAC). The co-investments were on a 1:1 basis where MyCIF would forego its share of interest/return to reduce the cost of financing for social enterprises.

MyCIF had benefitted businesses of different sizes across various sectors. These included tech-enabled platforms and brick-and-mortar businesses that required financing for business expansion and working capital.

### Providing new fundraising avenue through IEO platform

Following the introduction of the regulatory framework governing digital token offering through the IEO platform, the SC opened the application for prospective IEO operators to register as an RMO, with encouraging interest from potential applicants. Regulatory assessments on IEO operators are underway. These assessments are paramount to ensure that all operators registered with the SC have the necessary systems, competencies, and ability to objectively undertake a comprehensive due diligence process on potential issuers.

### Enhancing Offerings in the Recognised Markets

Since introducing the DAX framework in 2019, the SC had registered four DAXs, namely Luno Malaysia Sdn Bhd, SINEGY Technologies (M) Sdn Bhd, Tokenize Technology (M) Sdn Bhd, and MX Global Sdn Bhd.

Despite market uncertainties following the pandemic, the domestic digital asset market had continued to grow, with approximately RM21 billion in digital assets traded across all registered DAXs in 2021. It continued to garner investors' interest as the total number of investment accounts grew by close to 300% to approximately 760,000 in 2021 (2020: more than 190,000). Investors aged below 35 years comprised the largest segment at 62%, holding more than 470,000 accounts as at end 2021.

The SC continued to facilitate the introduction of new digital assets to be traded on DAX, with the approval of Bitcoin Cash (BCH) in March 2021 as an additional permissible digital asset. The other digital assets permitted to be traded on DAX include Bitcoin, Ripple, Ethereum, and Litecoin.

In line with the approach of facilitating new market structures for trading, distribution, and hosting of capital market products, the SC registered a RMO-General to operate an interbank trading platform for repurchase agreements and reverse repurchase agreements.

In the e-Services segment, two newly registered RMO were given concurrence to operationalise as e-Services Platforms (RMO-eSPs).

## Driving Further Inclusivity Through Digital Intermediation Models

The market saw the emergence of another digital-only broker in 2021. Digital brokers have gained traction from the growing number of retail investors using online brokerage accounts. The increased retail interest in the equity market during the pandemic had also pushed digital brokers to new highs, gaining a retail market share of 5.45%<sup>2</sup> with total number of accounts having risen by more than 50% to approximately 251,000 in 2021 [2020: more than 165,000]. Millennial investors comprised the majority of the clientele base.

The digital investment management (DIM) segment continued to expand its capital market offerings to address the investment needs of the emerging digital generation of investors. The segment had grown in an upward trend over the years, with a total AUM of more than RM1 billion as at end 2021. An additional DIM company was licensed in 2021, bringing a total of eight DIM companies currently in operation.

The DIM segment had managed to attract and serve the younger demography of investors, with more than 70% of participating individual investors in DIM comprising those aged below 35 years and attracting the participation of first-time investors. The emergence of spare change investing, where spare changes from investors' purchases are rounded-up and invested into funds, had also allowed investors to begin investing with small investment amounts with ease.

## Promoting Digital Innovation Within the APEC Region for Inclusive Growth

As part of the Asia-Pacific Economic Cooperation (APEC) initiatives, the SC developed and hosted a virtual Crowdfunding Workshop from 17 to 19 August 2021. Originally planned as a physical event during Malaysia's APEC Chairmanship in 2020, the Workshop supported Malaysia's APEC 2020 priority of having more inclusive economic participation through the digital economy and garnered over 130 participants from 16 APEC economies.

The Workshop explored the fundamentals of crowdfunding and the different regulatory frameworks applied by various jurisdictions, regulators' experiences in developing their respective crowdfunding regimes, and the issues and challenges of market participants within the crowdfunding ecosystem.

## EXPANDING MARKET TO BROADER STAKEHOLDERS OF THE ECONOMY

The concept of stakeholder economy emphasises long-term value creation – one where businesses assume greater responsibilities beyond short-term profits and account for the needs of stakeholders, ranging from shareholders, employees and business partners to the environment, society, and community. Within the capital market, long-term value creation can be achieved by promoting responsible businesses and facilitating the intermediation of capital to sustainable and responsible businesses, widening its reach to broader stakeholders of the economy.

As SRI plays an important role in facilitating access to sustainable finance across the spectrum of issuers, investors and intermediaries, several measures were introduced in 2021, aimed at deepening and broadening the SRI segment.

## Broadening and Deepening SRI Ecosystem

### Enabling greater access to sustainable finance

Companies continued to leverage market-based financing instruments such as SRI sukuk and bonds to fund sustainable projects amid challenging economic times. The expansion of the SRI Sukuk and Bond Grant Scheme<sup>3</sup> had encouraged more companies to finance green, social and sustainability projects through SRI sukuk and bonds.

A total of RM8.3 billion of SRI sukuk had been cumulatively issued under the SRI Sukuk Framework<sup>4</sup> since its introduction in 2014 up to 31 December

<sup>2</sup> This refers to the digital brokers' retail trading value as a proportion of the entire brokerage industry's retail trading value.

<sup>3</sup> The scope of the SRI Sukuk and Bond Grant Scheme was expanded for sukuk issued under the SC's SRI Sukuk Framework and bonds issued under the ASEAN Green, Social and Sustainability Bond Standards.

<sup>4</sup> Cumulative issuances since the introduction of the SRI Sukuk Framework in 2014.

2021. Out of the total SRI sukuk issuances, RM6 billion were dually recognised under both the SRI Sukuk Framework, and the *ASEAN Green Bond Standards/ASEAN Sustainability Bond Standards*. As of 31 December 2021, issuances from Malaysia accounted for 18% of total issuances labelled under the ASEAN Green, Social and Sustainability Bond Standards.

### Facilitating issuance of SRI funds through enhanced clarity

In 2021, the *Guidelines on Sustainable and Responsible Investment Funds* (Guidelines on SRI Funds) was revised to facilitate and encourage more issuances of SRI funds in Malaysia. For greater clarity, several enhancements were made by imposing additional disclosure requirements on feeder funds, as well as incorporating certification requirements on tax exemption for SRI funds. As of 31 December 2021, a total of 34 SRI funds were offered in Malaysia.



[Read more on Guidelines on SRI Funds](#)

### Driving greater growth in SRI through development of SRI Taxonomy

One of the key building blocks to mobilise private sector investments towards achieving sustainability goals is the development of a taxonomy for sustainable investments. This SRI Taxonomy will provide guidance on the classification of economic activities and promote a common language on the financing of sustainable activities, including addressing greenwashing risks. In 2021, the SC and Industry Working Group (IWG) developed the principles-based SRI Taxonomy for the Malaysian capital market, which comprised environmental, social and sustainability components.

The SRI Taxonomy aimed to facilitate greater product diversity and accelerate the development of SRI as an asset class. It would provide issuers, investors,

intermediaries, and asset owners more clarity and guidance in identifying sustainable investment assets or activities.

The SRI Taxonomy was released for public consultation at the end of 2021. Following the consultation period, the SC would work towards releasing the final SRI Taxonomy document in 2022.

### Accelerating financial sector readiness to support transition towards a low-carbon economy

The financial services sector plays a critical role in supporting sustainable business activities. The SC and BNM had made positive strides in accelerating sustainable development and supporting the transition towards a low-carbon economy.

As Co-Chairs of the Joint Committee on Climate Change (JC3), the SC and BNM jointly chaired three meetings in February, August and December 2021. As part of its priorities in 2021, the JC3 discussed the progress of current initiatives and priorities for 2022 under its sub-committees, which include the newly established Sub-Committee on Bridging Data Gaps, to further strengthen the capacity of the Malaysian financial sector in addressing climate risk.

Key deliverables in 2021 include:

- Finalisation of a reference guide on climate-risk management and scenario analysis;
- Development of an application guide for disclosures on climate-related risks; and
- Completion of climate risk-related Foundation Level training programmes.

In June 2021, the SC and BNM jointly hosted the JC3 Flagship Conference 'FinanceforChange' to share knowledge, best practices and solutions in tackling

climate change. Following the three-day conference, the JC3 jointly published a report on the conference's key insights, discussions and calls to action.

As Chair of the JC3 Sub-Committee 3 (SC3) on product and innovation, the SC oversaw the development of a survey on the current landscape of sustainability-related financial products and solutions in Malaysia, which was conducted in 2021 for JC3 members. In addition, the SC3 led six engagement sessions in 2021 with business communities to understand their financing needs and to support their transition towards sustainability.



[Read more on JC3 Report](#)

### ASEAN sustainable finance initiatives

The SC had long championed sustainable finance initiatives in ASEAN through its co-chairmanship of the Sustainable Finance Working Group in the ASEAN Capital Markets Forum (ACMF) and the chairmanship of the Infrastructure Finance Working Group in the ASEAN Working Committee on Capital Market Development (WC-CMD).

One of the first sustainable finance initiatives of the ACMF was the launch of the *ASEAN Green Bond Standards* in 2017, followed by the *ASEAN Social Bond Standards* and *ASEAN Sustainability Bond Standards* in 2018. There has been encouraging traction of bonds labelled under these Standards, with a total of US\$20.9 billion issued as at 31 December

2021. Following this initiative, the ACMF issued its *Roadmap for ASEAN Sustainable Capital Markets* (Roadmap) in 2020 to chart ASEAN's path for sustainable finance in other areas of the capital market, and 2021 saw the first full year of implementation for the recommendations under the Roadmap.

One of the key recommendations was the development of the ASEAN Taxonomy for Sustainable Finance (ASEAN Taxonomy) – Version 1, released on 10 November 2021, which provided a frame for discussions with the public and private sector stakeholders to further develop the ASEAN Taxonomy.

### IOSCO Sustainability Task Force

The IOSCO Sustainability Task Force (STF) has been focusing on sustainability-related disclosures for issuers and asset managers, ESG ratings and ESG data providers. As a member of STF, the SC contributed to the *IOSCO Report on Sustainability-related Issuer Disclosures*. The report sets out IOSCO's vision for a global baseline of investor-focused sustainability standards under the *International Financial Reporting Standards* (IFRS) to improve global consistency, comparability and reliability of sustainability reporting. To crystallise this vision, IOSCO closely engaged with IFRS to ensure expectations of international securities regulators were met. This vision was further supported through establishment of the International Sustainability Standards Board (ISSB) and publication of the prototype Climate Disclosure standard at the 26<sup>th</sup> United Nations Climate Change Conference of the Parties (COP26).

## ARTICLE 2


[Read more on JC3 Report](#)

# JC3 FLAGSHIP CONFERENCE 2021

## FINANCE for CHANGE

>70 NOTABLE SPEAKERS  
 6,300 PARTICIPANTS  
 400 COMPANIES

The implications of climate change on financial stability can no longer be ignored. The financial sector has both the responsibility and ability to improve its preparedness to manage the impacts of climate change, as well as mitigate ESG risks while supporting the transition towards a low-carbon economy through its products and services.

As part of its efforts to further engage and build industry capability, the JC3 hosted the JC3 Flagship Conference on 23-25 June 2021, aimed to accelerate sustainable development and drive action within all Financial Institutions (FI) in Malaysia as well as stakeholders in their value chain.

The three-day virtual conference covered discussions over a broad spectrum of stakeholders, including the financial sector, and how sustainability can be integrated into business decision-making at the board and management levels; as well the role of the private sector in accelerating the climate agenda.

The Flagship Conference hosted over 6,300 participants from over 400 companies, including board members, CEOs, senior management and practitioners, as well as FI clients, investees and other value chain players.

There were more than 70 notable speakers including:



**Senator Tengku Datuk Seri  
Utama Zafrul Tengku Abdul Aziz**  
Minister of Finance, Malaysia



**Tan Sri Dr Jemilah  
Mahmood**  
Special Advisor on Public  
Health to Prime Minister of  
Malaysia



**Sir David Attenborough**  
Broadcaster  
and Naturalist



**Lewis Pugh**  
United Nations  
Ocean Advocate

“The gravity of climate change and its inherent economic and financial impact requires the financial sector to prepare, adapt and intensify the drive to achieve sustainability. The window for us to make the necessary and fundamental change is narrowing. All stakeholders – Government, regulators, financial institutions, investors, companies and their value chains – must play their part to help achieve the sustainability agenda. We are all in this together.”

– *Datuk Syed Zaid Albar*  
Chairman, SC

## NINE CALLS TO ACTION HIGHLIGHTED

### CALL TO ACTION #1



#### COLLABORATION AND WHOLE-OF-NATION APPROACH

International collaboration between governments, businesses and civil society is needed to accelerate the transition at the required pace and to make progress in the largest emitting sectors including power, road transport and land use. Collaboration will further drive innovation to create stronger incentives for investors and to reduce the costs of the transition.

### CALL TO ACTION #2



#### EFFECTIVE IMPLEMENTATION OF POLICIES THAT PROMOTE PLANETARY HEALTH

The push for national legislations in favour of improved planetary health is needed. We need to make sure that these legislations are effectively implemented, which means holding our leaders and holding ourselves accountable for the decisions we make that affect both other people and the planet.

### CALL TO ACTION #3



#### ACHIEVE NET ZERO ANCHORED ON SCIENCE-BASED TARGETS AND PUT NATURE AND BIODIVERSITY AT THE HEART OF CLIMATE POLICIES

Climate commitments and strategies need to be anchored on setting science-based targets or be translated into robust expectations toward investee companies. The supply chain and scope 3 emissions need to be addressed to meet the goals of the *Paris Agreement*.

### CALL TO ACTION #4



#### STRENGTHEN GOVERNANCE, OVERSIGHT AND DISCLOSURE OF SUSTAINABILITY

Heightened shareholder activism for material ESG issues can drive change, such as forming coalitions to have greater negotiating power. A strong mandate from shareholders to achieve short- and long-term targets is fundamental to ensure that the necessary changes happen.

### CALL TO ACTION #5



#### ENHANCE GREEN & SUSTAINABILITY FUNDING AND PRODUCTS

The financial sector in Malaysia can be more deliberate in funding sustainability initiatives and incentivising investments in low-carbon sector, e.g. projects under (i) the National Investment Aspirations (NIA) framework, (ii) the Malaysian Climate Action Council's (MyCAC) plan for Malaysia to be a hub in green economy, services and technology, and (iii) the *Low Carbon Mobility Development Plan 2021-2030*.

### CALL TO ACTION #6



#### INTEGRATE CLIMATE IN RISK MANAGEMENT FRAMEWORKS AND ALIGN IT WITH INTERNATIONAL STANDARD AND BEST PRACTICES

When integrating climate risk into enterprise risk management, financial institutions should embed it into the risk management lifecycle, which includes Risk Identification and Assessment, Risk Taxonomies, Risk Reporting, and Risk Mitigation.

**CALL TO ACTION #7**
**BUILD ON THE TAXONOMY  
AND IMPROVE THE DATA  
INFRASTRUCTURE FOR  
ESG-RELATED RISKS**

To enhance data collection and analysis, ESG-related data should be structured and made accessible for key actors in the financial sector. The data should also be standardised across the industry to promote transparency and comparability. This will catalyse the development of regional ESG products.

**CALL TO ACTION #8**
**ENGAGE CLIENTS IN  
SUSTAINABILITY AND  
TRANSITION FINANCE**

Understanding clients' needs is crucial. This can be achieved by choosing the right elicitation format and methodology, assessing the clients' financial and sustainability objectives and understanding the clients' financial and sustainability preferences. Financial institutions can then match their product offering according to the clients' financing needs and sustainability objectives.

**CALL TO ACTION #9**
**APPLY GENDER AND  
SOCIAL INCLUSION LENS TO  
CLIMATE CHANGE ACTION**

Gender-smart climate finance can be applied through adopting a gender lens to climate finance, adopting a climate lens to gender finance, and integrating gender into climate finance through gender-specific opportunities which also improves climate and business performance.



[Read more on information on JC3 Report](#)

**ARTICLE 3**

[Read more on media release 'SC holds inaugural capital market green financing series – widening access to sustainable financing for MSMEs'](#)

**NAVIGATE**  
Capital Market Green Financing Series

**CAPITAL MARKET GREEN  
FINANCING SERIES**

In February 2021, the SC launched NaviGate: Capital Market Green Financing Series, a programme to create greater awareness and connectivity between green companies and the capital market.

The first edition of NaviGate, held virtually in February 2021, focused on MSMEs and the alternative capital market financing avenues available through ECF and P2P financing. A total of 100 participants and 40 MSMEs from the green technology and sustainable energy sectors in Malaysia participated in the programme which connected them to the ECF and P2P financing platforms.

NaviGate demonstrates the SC's continued emphasis in fostering capital market inclusivity and in facilitating the acceleration of the SRI agenda for the Malaysian capital market, complementing the initiatives undertaken by CMM.

The inaugural session was supported by the Malaysian Green Technology and Climate Change Centre (MGTC) and Sustainable Energy Development Authority (SEDA).

The second NaviGate event was held in May 2021, which focused on companies with larger financing needs to finance their green and sustainable projects through the issuance of SRI Sukuk and ASEAN-labelled Bonds. It aimed to create greater awareness on SRI through the various capital market funding avenues as well as encourage greater connectivity between green and sustainability-focused companies and the capital market.

Organised by CMM and supported by Bank Pembangunan Malaysia Bhd and Danajamin Nasional Bhd, the second event was attended by more than 200 participants.

## DEEPENING THE ISLAMIC CAPITAL MARKET

The SC continued to strengthen ICM's value proposition through widening access to Shariah-compliant funding, instilling greater impetus for Islamic social finance, and encouraging Islamic fintech growth.

### Widening Access to Shariah-Compliant Funding

#### Facilitating Shariah-compliant financing for unlisted MSMEs

To facilitate a conducive funding ecosystem within ICM and advance the development of market-based financing avenues to support the Halal economy, the SC introduced a *Shariah Screening Assessment Toolkit for the Unlisted Micro, Small and Medium Enterprises* (Toolkit). The Toolkit provided guidance in screening

the Shariah status of unlisted MSMEs for ECF and P2P financing platform operators and Shariah advisers, among others.

With the launch of the Toolkit, it is envisaged that unlisted MSMEs will have wider options to access Shariah-compliant financing via ECF and P2P financing platforms. At the same time, it would also provide greater opportunities for investors seeking diversified Shariah-compliant investment portfolios across asset classes and economic sectors.

The Toolkit included a series of assessment questions based on the Shariah screening methodology for unlisted MSMEs, endorsed by the SC's Shariah Advisory Council (SAC).

The Shariah screening methodology adopts a two-tiered quantitative approach in determining the Shariah status of unlisted MSMEs. (Figure 1)

FIGURE 1

## THE SHARIAH SCREENING METHODOLOGY FOR UNLISTED MSMEs

### Business Activity Benchmarks

The contribution of Shariah non-compliant activities to revenue and profit before taxation is to be computed and compared against the relevant business activity benchmarks, both of which must be less than the benchmarks.

5%  
benchmark

20%  
benchmark

### Financial Ratio Benchmarks



#### Cash over total assets

Cash only includes cash placed in conventional accounts and instruments. To be classified as Shariah-compliant, this ratio must be less than 33%.



#### Debt over total assets

Debt only includes interest-bearing debt. To be classified as Shariah-compliant, this ratio must be less than 49%.

The Toolkit was launched at the inaugural SC-HDC Forum 2021, themed 'Enabling Growth through the Islamic Capital Market' on 5 August 2021, to raise awareness on Shariah-compliant market-based financing for MSMEs.



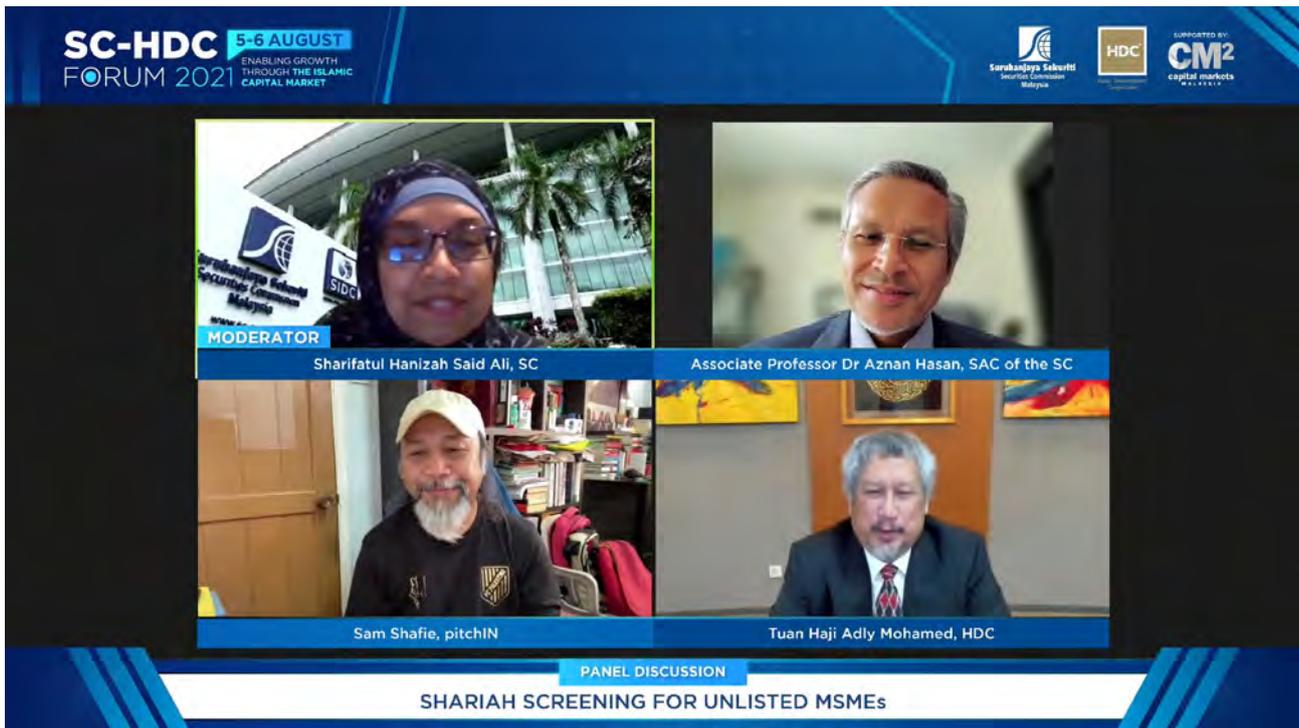
[Read more on media release on 'SC and HDC CO-HOST Inaugural Forum on Shariah-Compliant Fundraising for MSMEs'](#)



[Read more on Resolutions of the Shariah Advisory Council of the SC](#)



[Read more on the Shariah Screening Assessment Toolkit](#)



## THE FIKRA ISLAMIC FINTECH ACCELERATOR PROGRAMME

FIKRA is a joint initiative by the SC and the UN Capital Development Fund (UNCDF). The objective of FIKRA is to further enhance the ICM ecosystem by identifying and scaling innovative fintech solutions in Malaysia. FIKRA connects innovative start-ups through a collaborative environment for mentors, investors, and industry enablers, along with relevant regulatory guidance, primarily through a three-month accelerator programme. FIKRA also focuses on helping position ICM as an attractive segment for building career by creating a talent pipeline through increased awareness of opportunities in Islamic fintech.

The FIKRA accelerator programme included structured support to selected participants such as curated sessions, masterclasses, mentoring, and linkages with industry enablers for solution co-creation and testing, as well as solution showcase opportunities. Further, continued post-accelerator tracking and networking opportunities were provided for the participants.

FIKRA invited participants with ideas or solutions that can address any of FIKRA's three key challenge areas, namely, new ICM offerings, access to ICM and social finance integration.

The launch of FIKRA on 25 May 2021 called for applications with value propositions addressing the three key challenge areas. A total of 66 applications were received from 15 countries, with applicants having business operations in more than 40 countries across the world. More than half of the applicants were aged below 40 years. Further, more than 60% of proposed solutions integrated Islamic social finances into financial services activities, utilising benevolent and social funds to support a more inclusive financial industry.



[Refer to FIKRA on the SC website](#)



[View videos of the FIKRA Launch](#)

There were more than 10 collaborations and partnered-solution explorations between FIKRA participants and industry partners, following the completion of FIKRA in December 2021.

**Suruhanjaya Sekuriti**  
Securities Commission  
Malaysia

**UN**  
**CDF**  
Unlocking Public and Private  
Finance for the Poor

### FIKRA ACCELERATOR PROGRAMME PARTICIPANTS

### CHALLENGE AREAS

<p><b>New Islamic Capital Market Offerings</b></p> <p>Ideas on new Shariah products or services for ICM that can deliver the value propositions of Islamic Finance.</p>	<p><b>Access to Islamic Capital Market</b></p> <p>Solutions to increase awareness &amp; relevance of ICM in addressing financing gaps, sustainability agenda and inclusion for mass retail &amp; MSME segments.</p>	<p><b>Islamic Capital Market – Social Finance Integration</b></p> <p>Tech solutions to integrate traditional Islamic Social Finance instruments into capital market.</p>
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### Increasing Shariah-compliant offerings via ECF and P2P financing markets

The Islamic ECF and P2P financing markets continued to provide MSMEs with an alternative and viable option for Shariah-compliant financing. The amount raised through Islamic ECF and P2P financing markets grew significantly in 2021 to RM225.9 million (2020: RM1.5 million), benefitting 136 MSMEs.

Further, as at 31 December 2021, the number of platform operators with options to offer Shariah-compliant financing to the various segments of MSMEs had increased to six, compared to four in the previous year.

### Driving Islamic Social Finance

#### Promoting Islamic social finance via Waqf-Featured Fund Framework

The launch of the Waqf-Featured Fund Framework (WQ-FF) in November 2020 had facilitated the offering of unit trust funds and wholesale funds with *waqf* features that integrate commercial and social objectives. The WQ-FF provided investors with opportunities to invest and participate in products that could deliver sustainable benefits for society. As at 31 December 2021, four funds were issued under the WQ-FF.



[Read more on the list of approved funds](#)



[Read more on Fund Management & Products](#)

#### Furthering thought leadership via SC-OCIS Roundtable

Since its inception in 2010, the annual SC and Oxford Centre for Islamic Studies (OCIS) Roundtable (SC-OCIS Roundtable) continues to stimulate discussion and discourse on Islamic finance to facilitate the developmental agenda for the ICM.

The 12<sup>th</sup> SC-OCIS Roundtable was organised virtually on 23-24 September 2021, with the theme 'Transforming Islamic Finance through Impact Finance and Social Agenda – Based on Maqasid Al-Shariah'. The Roundtable was graced by His Royal Highness Sultan Nazrin Muizzuddin Shah, Sultan of Perak and the Royal Patron for Malaysia's Islamic Finance Initiative, who delivered a special keynote address.

Attended by a select group of 60 delegates from across the globe, the discourse revolved around the need for a new social contract and how Islamic finance can be a beacon to lay the foundations for a new balanced market-based system and greater social objectives. The discussion also delved into the Fourth Industrial Revolution, how innovation in science and technology could reconcile the debt-based economy and drive better funding solutions in achieving the core virtues and values of Islamic finance.

### Strengthening Shariah Governance Framework

As part of efforts to strengthen the ICM Shariah Governance Framework, the SC revised the *Guidelines for Shariah Advisers*, ensuring that the framework remained adaptive to respond to market developments.

The revised framework, among others, required Shariah advisers to enhance their knowledge and expertise on capital market developments.

As at end December 2021, a total of 81 Shariah advisers, comprising individuals and corporations were registered with the SC.



[Read more on Guidelines for Shariah Advisers](#)

## Continuous Efforts to Recognise and Develop Thought-Leadership and Capabilities

### Royal Award for Islamic Finance

The Royal Award for Islamic Finance (The Royal Award) was first established in 2010 as a joint initiative by the SC and BNM to recognise outstanding and inspiring individuals who had contributed significantly to the advancement of the Islamic financial services industry.

The global nominations for The Royal Award 2022 opened in December 2021 until March 2022 with the introduction of two new categories to further promote the development of Islamic finance globally, namely the Emerging Leader Prize and the Impact Challenge Prize. The new categories will serve to recognise young international talent with outstanding contributions to the advancement of Islamic finance and innovative ideas and solutions that can enable and empower impacted communities globally.



[Further information on all categories, including global nominations and challenge applications](#)



# STATEMENTS, STATISTICS AND ACTIVITIES



# BOARD MEMBERS



[For more information](#)



**DATUK SYED ZAID ALBAR**



**DATUK ZAINAL IZLAN  
ZAINAL ABIDIN**



**DATO' WEE HOE SOON  
@ GOOI HOE SOON**



**DATUK DR ZUNIKA MOHAMED**



**DATIN RASHIDAH MOHD SIES**



**LYNETTE YEOW SU-YIN**



**DATUK SYED ZAID ALBAR**  
Appointed 1 November 2018

Datuk Syed Zaid Albar is the Executive Chairman of the SC. Prior to his appointment as the SC Chairman on 1 November 2018, he was the Managing Partner of an established law firm in KL.

Currently, Datuk Syed Zaid chairs the Capital Market Development Fund (CMDf) and is a member of the Board of Trustees of the Financial Reporting Foundation. He was also appointed as a Board member of Securities Industry Development Corporation (SIDC) in January 2020. As the Chairman of the SC, Datuk Syed Zaid is a member of Bank Negara Malaysia's Financial Stability Executive Committee (FSEC) chaired by the Governor of BNM.

Datuk Syed Zaid represents the SC as the Asia Pacific representative on the governing Board of the International Organization of Securities Commissions (IOSCO), the global body of capital market regulators. He is also the Vice Chair of the Management Committee of the IOSCO Asia Pacific Hub based in Kuala Lumpur. Datuk Syed Zaid also represents the SC in the ASEAN Capital Markets Forum (ACMF).

Datuk Syed Zaid is a Barrister at Law of the Lincoln's Inn, UK. He has a degree in law from the United Kingdom (UK). Prior to joining the SC he has been an active practitioner for over 38 years, predominantly in the fields of corporate law, banking and capital market (debt and equity) in the area of both conventional and Islamic finance. His contribution and achievements in the legal practice has been recognised through numerous domestic and international awards.



**DATUK ZAINAL IZLAN  
ZAINAL ABIDIN**  
Appointed 5 April 2018

Datuk Zainal Izlan Zainal Abidin is Deputy Chief Executive of the SC. He provides direct oversight on the SC's Surveillance and Supervision functions as well as the People and Corporate Resources divisions. He joined the SC in 2011 as Executive Director, Islamic Capital Market and was appointed Managing Director, Development and Islamic Markets in 2016.

Datuk Izlan is currently Chairman of Capital Markets Malaysia, an entity established by the SC to promote the Malaysian capital market, and a board member of the SIDC which is the SC's training and development arm. He has over 30 years' experience in the financial services industry, starting his career with Citibank before moving to MIDF Amanah Asset Management (when it was known as Seacorp-Schroder Capital Management). Just prior to joining the SC, he was CEO of i-VCAP Management.

Datuk Izlan holds a Bachelor of Science in Economics (dual concentration in Accounting and Finance) from The Wharton School, University of Pennsylvania, US, and is a Chartered Financial Analyst (CFA) charterholder.



**DATO' WEE HOE SOON**  
**@ GOOI HOE SOON**

Appointed 1 January 2019

Dato' Gooi Hoe Soon has over 35 years of experience in the fields of accounting and corporate finance. He was instrumental in the successful implementation of several corporate exercises, which includes merger and acquisition and corporate debt restructuring exercises by PLCs. He currently sits on the Board of Yinson Holdings Bhd, Red Ideas Holdings Bhd and Perusahaan Sadur Timah Malaysia Bhd. Dato' Gooi is also a member of the Investment Panel of the Employees Provident Fund and a member of the Malaysian Association of Certified Public Accountants and Malaysian Institute of Accountants.

Dato' Gooi was the former Chairman of the Board of EON Bank Bhd from 2009 to 2012, Chairman of Amity Bond Sdn Bhd, Deputy Chairman of Avenue Capital Resources Bhd, board member of AIA Bhd as well as the CEO/Executive Director-Dealing of Avenue Securities Sdn Bhd. He was also a member of the National Debt and Liability Management Committee under the Prime Minister's Office



**DATUK DR ZUNIKA MOHAMED**

Appointed 1 June 2020

Datuk Dr Zunika Mohamed is currently the Deputy Director General (Policy), Economic Planning Unit of the Prime Minister's Department. She is a trained economist and has served in various capacities at several ministries over the last 25 years, including as the Deputy Secretary General (Policy) of the Ministry of Agriculture.

She holds a doctorate in Economics from Universiti Putra Malaysia and obtained her postgraduate and undergraduate economics degrees at the International Islamic University Malaysia and University of Texas, US respectively. Datuk Dr Zunika also has a diploma in Public Administration from the National Institute of Public Administration (INTAN) Malaysia.



**DATIN RASHIDAH MOHD SIES**  
Appointed 15 September 2020

Datin Rashidah Mohd Sies is currently the Deputy Secretary General (Management) Ministry of Finance. Datin Rashidah has served the Ministry of Finance for more than 29 years. She brings onboard a wealth of knowledge and experience, being at the forefront of issues pertaining to investment, finance, economic policies, federal budgeting, and financial legislation and regulation, among others.

Datin Rashidah obtained a Master of Business Administration from International University California, US, following a Bachelor's degree in Business Administration (Finance) from Idaho State University, US. She holds a Diploma from INTAN.



**LYNETTE YEOW SU-YIN**  
Appointed 11 June 2021

Lynette Yeow Su-Yin is a lawyer by profession and has been in practice since January 1995. This includes being a partner at Messrs Kadir Andri & Partners and Messrs Zaid Ibrahim & Co. She is currently a consultant at Messrs Sanjay Mohan.

Yeow has extensive experience in the fields of corporate finance, capital markets, mergers and acquisitions, securities regulations and funds (including private equity and real estate investment trusts). Prior to her appointment to the SC Board, Yeow has been an independent member of the SC's Take-Overs and Mergers Committee since January 2020.

She currently sits as an Independent Non-Executive director on the boards of Malaysia Building Society Bhd and CTOS Digital Bhd. Yeow is also a Trustee of The Datai Pledge, the environmental protection and sustainability initiative founded by The Datai, Langkawi.

Yeow holds a BA and MA in law from the University of Cambridge.

# EXECUTIVE TEAM



For more information



DATUK SYED ZAID ALBAR



DATUK ZAINAL IZLAN  
ZAINAL ABIDIN



FOO LEE MEI



CHIN WEI MIN



KAMARUDIN HASHIM



SALMAH BEE MOHD MYDIN



SHARIFATUL HANIZAH  
SAID ALI



DATO' ZAIN AZHARI MAZLAN



CHEE FEI MENG

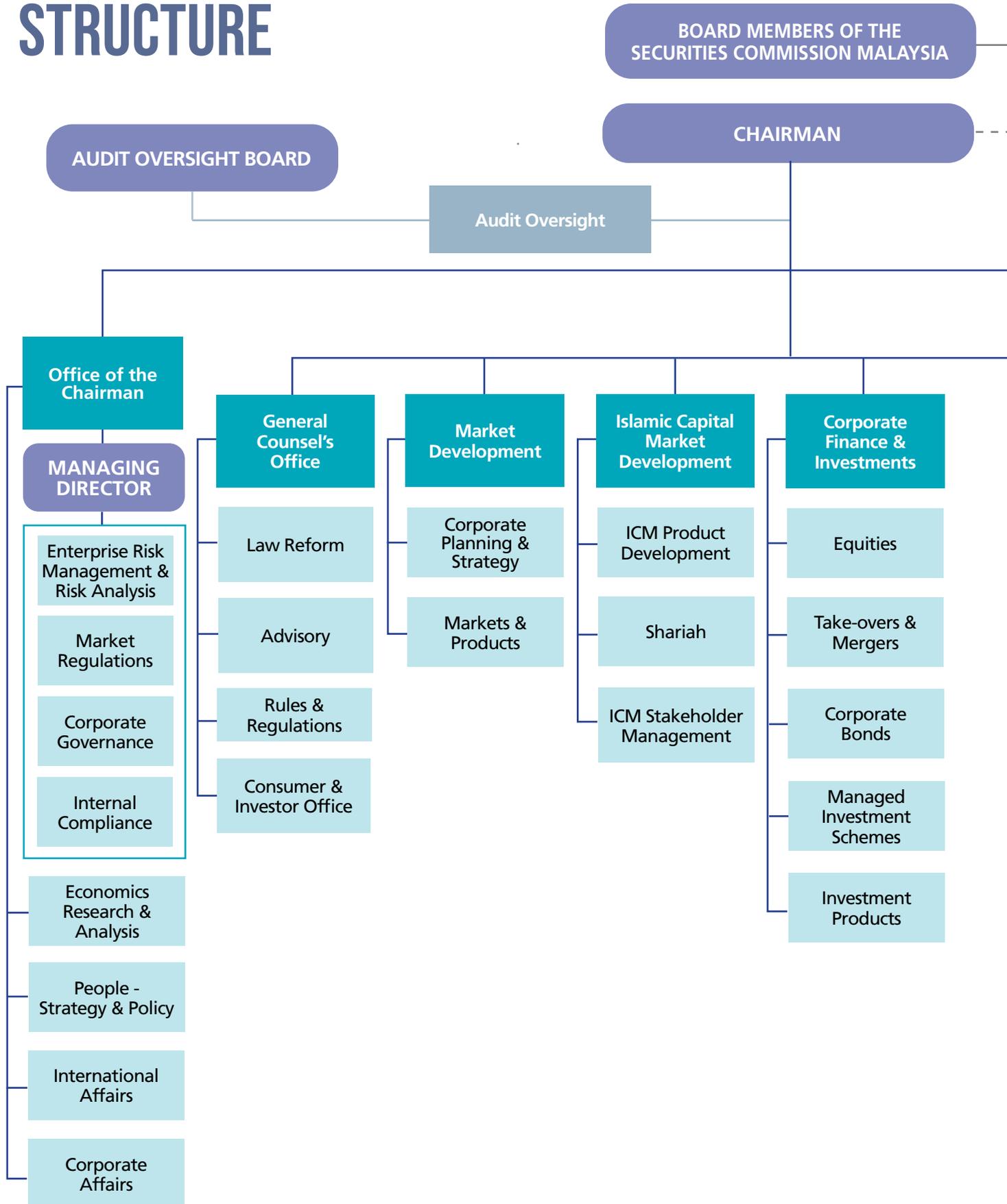


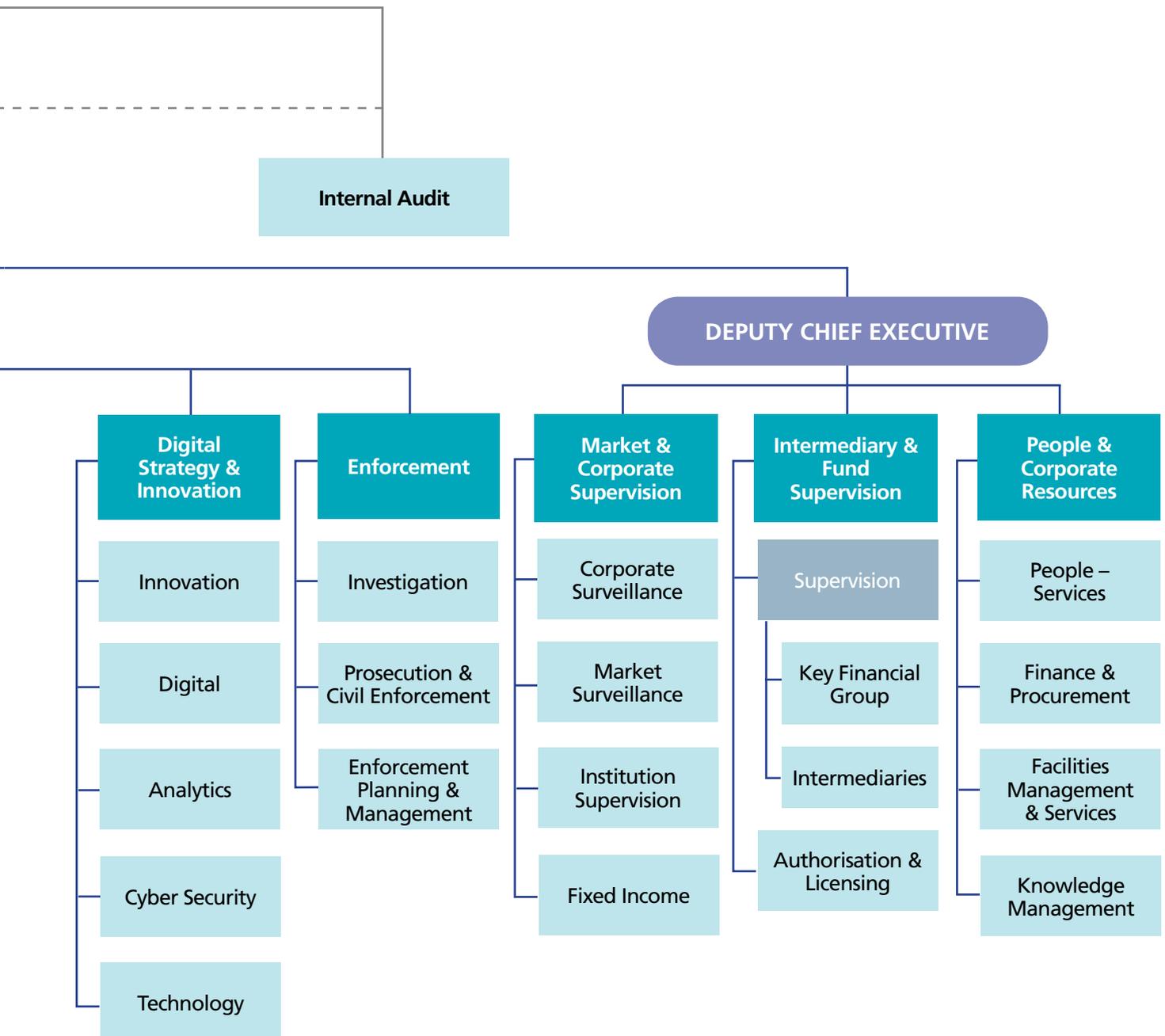
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YEW YEE TEE

# ORGANISATION STRUCTURE





# SHARIAH ADVISORY COUNCIL MEMBERS



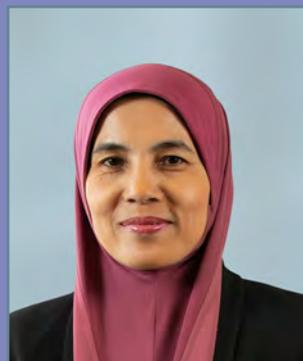
 [For more information](#)



**TAN SRI DR MOHD DAUD BAKAR**



**ASSOCIATE PROFESSOR DR  
AZNAN HASAN**



**DR SHAMSIAH MOHAMAD**



**PROFESSOR DR ENSKU  
RABIAH ADAWIAH ENSKU ALI**



**PROFESSOR DR ASHRAF  
MD HASHIM**



**PROFESSOR DR ASMADI  
MOHAMED NAIM**



**ASSOCIATE PROFESSOR DR  
MOHAMED FAIROOZ ABDUL KHIR**



**PROFESSOR DATO' DR MOHD  
AZMI OMAR**



**DR ZAHARUDDIN ABDUL  
RAHMAN**

# STATEMENT ON GOVERNANCE

The Securities Commission Malaysia (SC) is a statutory body established under the *Securities Commission Malaysia Act 1993* (SCMA) to regulate and develop the Malaysian capital market. The SC's mission is to promote and maintain fair, efficient, and transparent securities and derivatives markets and to facilitate the orderly development of an innovative and competitive capital market. It is committed to ensure investor protection, fair and orderly markets, and monitor, mitigate and manage systemic risks arising from the capital market. The SC's responsibilities, powers, and authorities are clearly defined and transparently set out in securities laws, namely the SCMA, CMSA, and *Securities Industry (Central Depositories) Act 1991* (SICDA).

## ABOUT THE COMMISSION

### Board Members

The Board is responsible for the overall governance of the Commission. The Minister of Finance appoints Board members. The Board comprises a Chairman, a Deputy Chief Executive, and up to 7 other members who may include persons representing the government and private sector. The Chairman is entrusted with the day-to-day administration of the SC as provided by section 4B(1) of the SCMA.

Datuk Syed Zaid Albar assumed the position of Chairman on 1 November 2018. A profile of Board members is featured on pages 79 to 82 and their involvement in the various committees established by the Board is provided on page 90.

The Chairman is appointed for a term of 3 years, and is eligible for reappointment upon completion of his or her term. Other Board members are appointed for a term of 2 years, and are eligible for reappointment upon completion of the term.

A person is disqualified from holding the office of a Board member if he or she holds a full time office in any PLC, becomes a member of either Houses of Parliament, or becomes an officer or director of an entity that is regulated by the Commission. Similarly, a Board member shall not hold office if he or she—

- is convicted of a criminal offence involving fraud, dishonesty, corruption or violence;
- is declared a bankrupt;
- is not capable of discharging his or her duties;
- fails to attend 3 consecutive meetings of the Board without leave;
- conducts himself in such a way as to bring disrepute to the Commission;
- fails to disclose his or her interests; or
- becomes involved in any activity which may interfere with his or her independence in discharging his or her functions.

The SCMA requires a Board member to manage conflicts of interest by disclosing his or her interest in any matter under discussion by the Board or any of its committees. Once a disclosure is made, he or she-

- shall neither take part nor be present in any deliberation or decision of the Board or its committees; and
- shall be disregarded for the purposes of constituting quorum of the Board or its committees, relating to the matter.

## Functions of the Commission

The functions of the Commission are:

- To advise the Minister on all matters relating to the capital market;
- To regulate all matters relating to the capital market;
- To ensure that the provisions of the securities laws are complied with;
- To regulate the take-overs and mergers of companies;
- To promote and regulate all matters relating to fund management, including unit trust schemes and PRS;
- To be responsible for supervising and monitoring the activities of any exchange holding company, stock exchange, derivatives exchange clearing house and central depository;
- To take all reasonable measures to maintain the confidence of investors in the capital market by ensuring adequate protection for such investors;
- To promote and encourage proper conduct among participating organisations, participants, affiliates, depository participants, and all licensed or registered persons of an exchange, clearing house, and central depository, as the case may be;
- To suppress illegal, dishonourable, and improper practices in the capital market, and in the provision of investment advice or other services relating to the capital market;
- To consider and make recommendations for the reform of the securities laws;
- To encourage and promote the development of the capital market in Malaysia including research and training in connection thereto;
- To encourage and promote self-regulation by professional associations or market institutions in the capital market;
- To license, register, authorise, approve, and supervise all persons engaging in regulated activities or providing capital market services as may be provided for under the securities laws;
- To promote and maintain the integrity of all licensed persons, registered persons, approved persons, and participants in the capital market;
- To register or recognise all auditors of public-interest entities (PIEs) or schedule funds, and to exercise oversight over any person who prepares a report in relation to financial information of PIEs or schedule funds, in relation to capital market activities;
- To promote confidence in the quality and reliability of audited financial statements in Malaysia, and to promote and develop an effective and robust audit oversight framework in Malaysia;

- To take all reasonable measures to monitor, mitigate, and manage systemic risks arising from the capital market;
- To promote and regulate corporate governance and approved accounting standards of listed corporations; and
- To set and approve standards for professional qualification for the capital market.

The Commission also has the functions and powers conferred upon it by or under the securities laws.

## Board Meetings

Eleven Board meetings were held in 2021. The quorum required is 5. The attendance record is set out in Table 1.

The work of the Board in governing the SC is facilitated by various board committees established under section 18 of the SCMA, as listed in Table 2.

## AUDIT COMMITTEE

The Audit Committee comprises non-executive members of the SC as shown in Table 2, who are appointed by the Board. The purpose, authority, and responsibilities of the Audit Committee are set out in the Audit Committee Charter as approved by the Board. Essentially, the Audit Committee provides oversight of the SC's governance, risk management and internal control practices.

Board members	Number of meetings attended
Datuk Syed Zaid Albar	11/11
Datuk Zainal Izlan Zainal Abidin	11/11
Dato' Gooi Hoe Soon	11/11
Datuk D.P Naban <sup>1</sup>	2/2
Datuk Dr Zunika Mohamed	9/11
Datin Rashidah Mohd Sies	10/11
Lynette Yeow Su-Yin <sup>2</sup>	6/7

<sup>1</sup> Retired from the Board on 14 April 2021.

<sup>2</sup> Appointed to the Board on 11 June 2021.

The Audit Committee has an oversight role over the internal audit activities, including reviewing outcome of audits and approving the *Annual Internal Audit Plan*. The Audit Committee is also responsible for the review of the external auditors' proposed audit scope, approach, and performance, including reviewing all significant matters relating to the financial statements with Management and the external auditors. For the current financial year, the Audit Committee had convened 6 meetings.

Table 2 Board Committees		
COMMITTEE	KEY RESPONSIBILITY	MEMBERS
<b>1. Audit Committee</b> 	Review effectiveness of the SC's risk management and internal control systems and review the annual financial statements.	<ul style="list-style-type: none"> <li>Dato' Gooi Hoe Soon (Chairman)</li> <li>Datuk D.P Naban<sup>1</sup></li> <li>Datuk Dr Zunika Mohamed</li> <li>Datin Rashidah Mohd Sies</li> <li>Lynette Yeow Su-Yin<sup>2</sup></li> </ul>
<b>2. Issues Committee<sup>3</sup></b> 	Review and decide on primary listings of corporations and business trusts on the Main Market; acquisition of assets which results in a significant change in business direction or policy of a corporation or business trust listed on the Main Market; and secondary or cross listings of foreign corporations or foreign business trusts on the Main Market.	<ul style="list-style-type: none"> <li>Datuk Syed Zaid Albar (Chairman)</li> <li>Datuk Zainal Izlan Zainal Abidin</li> <li>Dato' Gooi Hoe Soon</li> <li>Datuk D.P Naban<sup>1</sup></li> <li>Datin Rashidah Mohd Sies</li> <li>Lynette Yeow Su-Yin<sup>2</sup></li> </ul>
<b>3. Take-overs and Mergers Committee</b> 	Review take-over and merger related applications of a novel and/or complex nature and matters relating to national policy.	<ul style="list-style-type: none"> <li>Datuk Syed Zaid Albar (Chairman)</li> <li>Datuk Zainal Izlan Zainal Abidin</li> <li>Dato' Gooi Hoe Soon</li> <li>Datin Rashidah Mohd Sies</li> <li>Lynette Yeow Su-Yin</li> </ul>
<b>4. Licensing Committee</b> 	Review and decide on applications for the grant of a new Capital Markets Services Licence (CMSL), new licensed representatives, appointments of directors, key management or compliance officers that are submitted together with a new CMSL application; and to consider any policy recommendations relating to licensing issues.	<ul style="list-style-type: none"> <li>Datuk Syed Zaid Albar (Chairman)</li> <li>Datuk Zainal Izlan Zainal Abidin</li> <li>Dato' Gooi Hoe Soon</li> <li>Datuk Dr Zunika Mohamed</li> </ul>
<b>5. Nomination and Remuneration Committee</b> 	Assess and formulate the remuneration of the Chairman and Deputy Chief Executive and make appropriate recommendations to the Minister of Finance.	<ul style="list-style-type: none"> <li>Dato' Gooi Hoe Soon (Chairman)</li> <li>Datuk D.P Naban<sup>1</sup> (Chairman)</li> <li>Datuk Dr Zunika Mohamed</li> <li>Lynette Yeow Su-Yin<sup>2</sup></li> </ul>

<sup>1</sup> Retired from the Board on 14 April 2021.

<sup>2</sup> Appointed to the Board on 11 June 2021.

<sup>3</sup> The Board had on 16 November 2020 approved the consolidation of the Issues Committee and the Managed Investment Schemes Committee.

## SHARIAH ADVISORY COUNCIL

The SAC is mandated to ascertain the application of Shariah principles on any matter relating to the ICM and plays an important role in the development of Malaysia's ICM. It advises the Commission on any Shariah issue relating to the ICM and issues rulings on the ICM which are published for the benefit of the industry.

The 9 SAC members as listed in Table 3, serve for a 3-year period commencing 1 July 2020, as assented by the Yang di-Pertuan Agong under Section 31ZK of the SCMA.

Table 3	Shariah Advisory Council members
<b>SAC members</b>	
1.	Tan Sri Dr Mohd Daud Bakar (Chairman)
2.	Associate Professor Dr Aznan Hasan (Deputy Chairman)
3.	Dr Shamsiah Mohamad
4.	Professor Dr Engku Rabiah Adawiah Engku Ali
5.	Professor Dr Ashraf Md Hashim
6.	Professor Dr Asmadi Mohamed Naim
7.	Associate Professor Dr Mohamed Fairouz Abdul Khir
8.	Professor Dato' Dr Mohd Azmi Omar
9.	Dr Zaharuddin Abdul Rahman

## AUDIT OVERSIGHT BOARD

The AOB was established under Part IIIA of the SCMA and its mandate is to assist the SC in discharging its regulatory function in respect of developing an effective audit oversight framework, promoting confidence in the quality and reliability of audited financial statements, and regulating auditors of PIEs and scheduled funds.

The AOB also exercises oversight over any person who prepares a report relating to the financial information of PIEs and schedule funds, in relation to capital market activities. The AOB members are appointed by the Board (Table 4).

Table 4	Audit Oversight Board members
<b>AOB members</b>	
1.	Dato' Anantham Kasinather (Non-Executive Chairman)
2.	Alex Ooi Thiam Poh (Executive Officer)
3.	Salmah Bee Mohd Mydin
4.	Hew Ee-Lu
5.	Datuk Nor Azimah Abdul Aziz
6.	Dato' Darawati Hussain
7.	Dato' Seri Ahmad Johan Mohammad Raslan

## RISK MANAGEMENT AND INTERNAL CONTROLS

The SC continues to be committed in maintaining strong risk management and internal control, which is an integral component of its governance arrangement. The SC's internal risk management and control systems are designed to provide a framework to monitor and mitigate known and emerging risks that may impact its ability in achieving strategic and operational goals.

The SC regards the continuous enhancements of its internal risk management and control systems as a high priority. A robust risk management and internal control environment will improve the SC's operational agility, promotes risk transparency, and enhances risk and control accountability.

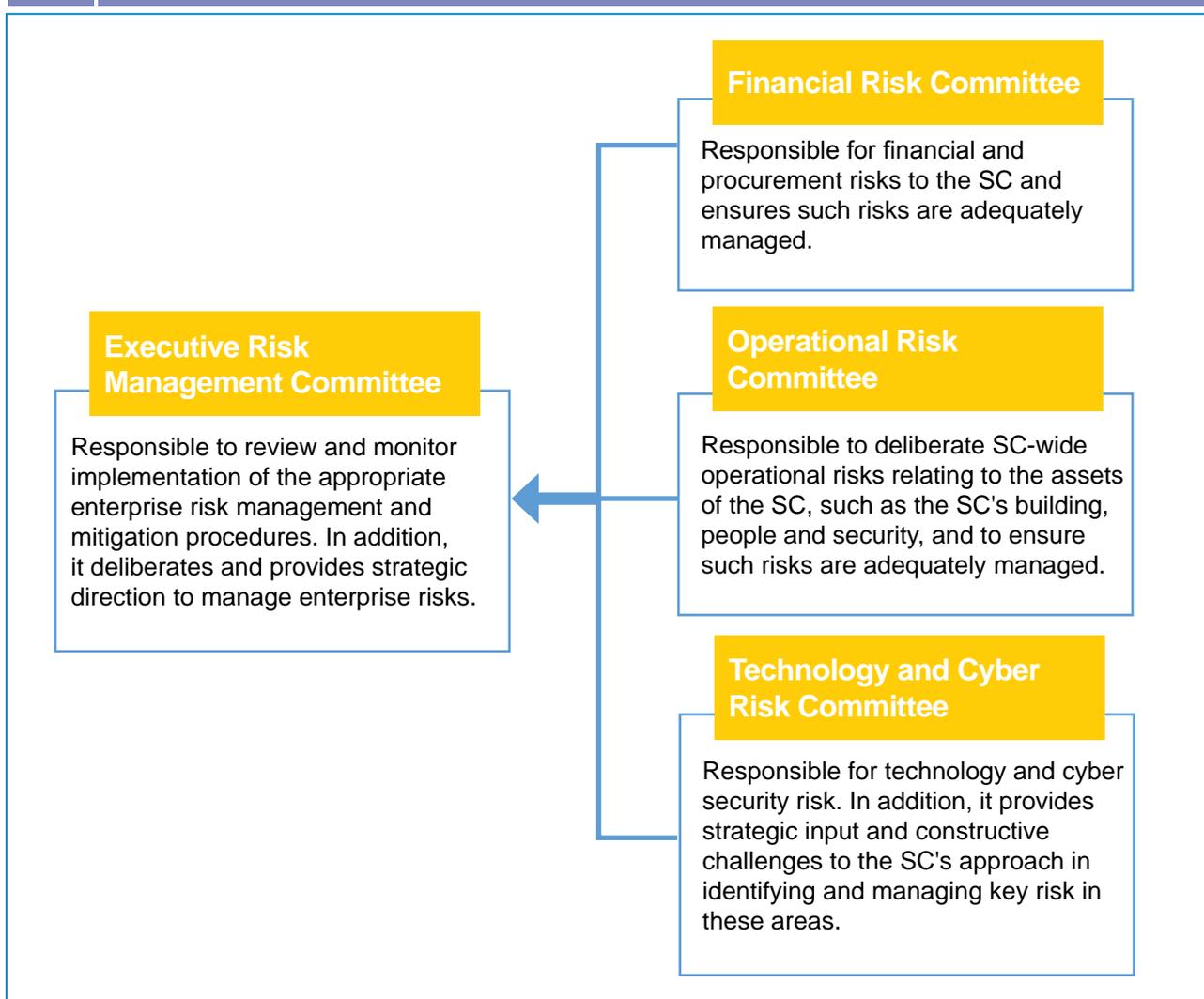
## Risk Management

The SC has established various measures to manage and mitigate possible risks associated with its operations. The Board is responsible for reviewing and adopting appropriate systems and controls to manage the enterprise risks of the SC. The Audit Committee, on behalf of the Board, provides an independent assessment of the effectiveness of the Enterprise Risk Management (ERM) framework.

The SC continuously reviews and enhances its risk management governance structure and framework. In 2021, the respective operational, conduct, and technology risk frameworks across the organisation were enhanced and implemented. A dedicated Executive Risk Management Committee (ERMC) has been

Figure  
1

The SC's Risk Governance Structure



established to look into internal organisation risks. Previously, this role was undertaken by the SC's SROC. The ERMC will have oversight of risk management strategies and processes within business functions as well as business continuity arrangements.

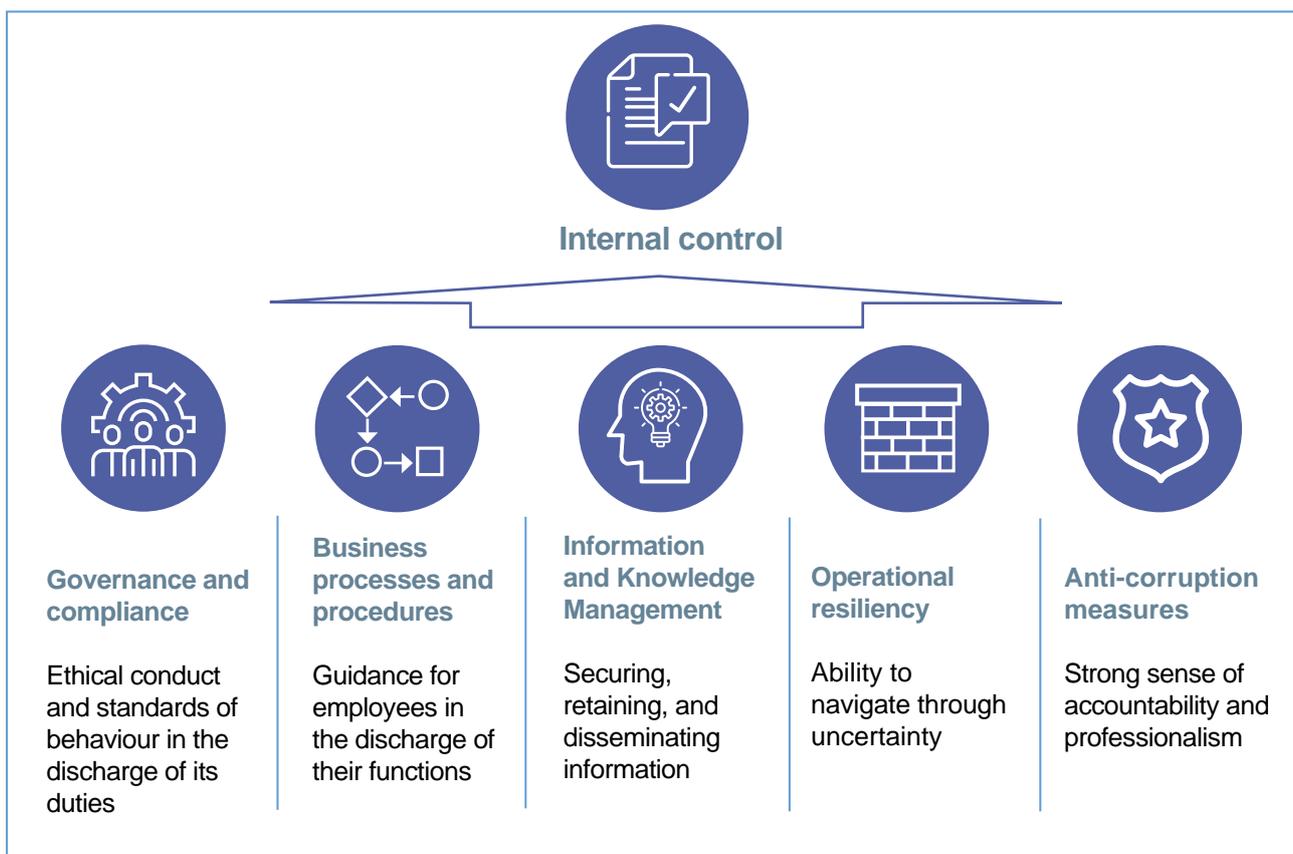
## INTERNAL CONTROLS

As the SC's structure and functions grow in complexity, the importance of having good internal controls is critical. The SC has set up a suite of internal control measures in the form of policies and procedures covering operational matters including governance, staffing, procurement, operation resiliency, data protection, and risk management to provide assurance on the effectiveness of control environment (Figure 2).

## Governance and Compliance

- A *Code of Conduct for Members of the Board* sets out the governance expectations required of Board Members in the discharge of their duties.
- A *Code of Conduct for SC employees* outlines the expectations required of employees during their tenure with the SC including ethical conduct and standards of behaviour.
- The statement of the SC's *Principles and Standards* facilitates efficient and ethical engagement between the SC and its external stakeholders, including suppliers, contractors, vendors, and consultants are governed by ethical principles,

Figure 2  
Internal Control Thrusts



transparent, and avoid potential conflict of interest. In this regard, the SC adopts a zero tolerance policy on all forms of corruption, and any allegation of corrupt practice by employees of the SC, and agents of external stakeholders doing work for the SC will be taken seriously.

- The SC has established a feedback channel for employees and agents to raise concerns on employee misconduct, including the Internal Whistleblowing Procedure to expose or report internal wrongdoing or suspected breaches of law within the organisation.
- The Framework for Handling External Complaints Against the SC Employees presents the process for handling complaints made by external parties against any employee of the SC in relation to the discharge of his duties.
- A robust Conflict of Interest Declaration process has been put in place where Board members and employees are required to comply with, when faced with a perceived, potential or real conflict of interest situation.
- The *Compliance Management Guidelines* provide a structured approach to ensure compliance with the laws, regulations, and internal governance standards, which has an impact on the day-to-day operations of the SC.
- The Compliance and Ethics programme, an interactive e-learning tool, aims to help the SC's employees understand the principles of the SC's internal governance standards. These modules reaffirm the importance of maintaining high standards of ethics, values, and behaviour that the SC and its employees must continue to be associated with. In 2021, the biennial mandatory programme was updated to incorporate enhancements made to its internal governance standards (e.g. *Code of Conduct*, *Data Loss Mitigation Guidelines*, etc.) over the last 2 years.

## Business Processes and Procedures

- The SC facilitates employees' understanding of its operations by making the Business Process Flows and other relevant business process guidance accessible on the SC's intranet. The business process flows and guidance documents are reviewed annually by the respective business process owners.
- The *Procurement Policy and Guidelines* were established to ensure fair, transparent, and orderly sourcing and acquisition of goods and services by the SC. It includes a procurement strategy outlining proper guidance on the end-to-end procurement process as well as the reinforcement of good procurement governance and control. Controls are also put in place to mitigate and prevent potential corrupt practices.
- The *Asset Management Policy and Guidelines* ensure that the SC's assets provided to employees to enable them to discharge their functions are safeguarded and maintained in good working condition.

## Information and Knowledge Management

- The *Authorisation for Disclosure of Information Policy* governs the release of material non-public information to third parties. Requests for disclosure of such information will be referred to a committee consisting of the SC's senior management for decision.
- The *Data Loss Mitigation Guidelines* act as a reference point for employees when handling physical and electronic records containing sensitive information. The Guidelines ensure sensitive information is appropriately secured from unauthorised disclosure and protected from alteration, corruption, loss, or misuse. The SC continuously reviews the Guidelines, taking into account changes in the working arrangements at the SC and the industry.

Updates this year include new rules relating to online and social media communication as well as strengthened controls for sharing of documents via emails and messaging platforms with external parties.

- The *Records Management Policy* was established to give clear guidance to employees on the classification of documents in order to maintain confidentiality of the said documents and provide clarity on permissible disclosures.

## Operational Resilience

- The SC has a Business Continuity Framework, aligned with the ISO 22301: 2019 Security and Resilience – Business Continuity Management System (BCMS) requirements. Continuous efforts are undertaken to ensure minimal operational disruption caused by COVID-19 including working towards a table-top exercise simulation for departments and return-to-office arrangements for the SC's employees.
- In light of COVID-19 and to ensure operational resiliency, the SC has established a dedicated COVID team to monitor COVID positive incidences, review precautionary measures, and take a proactive approach to anticipate, respond, and manage emerging COVID risks.
- *IT User Policy* is periodically reviewed to monitor and assess technology risks to ensure that the SC's IT system is adequately protected against malware, unauthorised access, insider threats, and other disruptions which may affect its operations.

## Anti-Corruption Measures

- The SC established its own Anti-Corruption Committee (JAR – Jawatankuasa Anti-Rasuah) in 2019, demonstrating its commitment in supporting the Government's fight against corruption. Chaired by the SC Chairman, the SC JAR serves as a high-level management platform

focused on addressing organisational issues pertaining to governance and integrity, while overseeing the implementation of all its initiatives under the *National Anti-Corruption Plan (NACP)*.

- As a public institution, the SC is fully committed to provide an environment that promotes a strong sense of accountability and professionalism among its employees. In line with the requirements of the NACP, the SC has established its own *Organisational Anti-Corruption Plan (OACP)* with the strategic objective of strengthening the SC's governance, integrity, and anti-corruption measures. The OACP covers key elements such as an explicit anti-corruption commitment from key stakeholders, relevant policies and procedures, controls, training and communication, reporting mechanisms and importantly, regular auditing and monitoring.
- In 2021, the SC has taken steps to ensure alignment of its anti-corruption control measures with the ISO 37001 Anti-Bribery Management System (ABMS) requirements. The SC conducted an ABMS Compliance Self-Assessment to identify improvement opportunities. The SC has also established its ABMS Compliance Framework to facilitate continuous alignment with the requirements of NACP and relevant global standards.

## INTERNAL AUDIT

The SC's Internal Audit Department (IAD) assists the Audit Committee in the discharge of its duties and responsibilities. IAD reports directly to the Audit Committee, which determines the adequacy of scope and function of the department. IAD accomplishes its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control, and governance processes.

IAD carries out its responsibilities by conducting reviews based on the approved internal audit plan, which is developed using a risk-based methodology.

The main activities of IAD for the year 2021 included performing predominantly risk-based audits for the areas identified in the internal audit plan. The result of the audits and activities performed by the internal audit function was presented to the Audit Committee for its review. Where applicable, internal audit conducted follow-up audits to ensure that the Management's corrective actions were implemented appropriately and provided updates on the status of the key actions to the Audit Committee. In addition, IAD played an advisory role in the course of performing its audit activities.

The review of the Audit Committee Charter and the Internal Audit Charter (Charters) is undertaken every 2 years as required under the Charters, to ensure they remain relevant and are in line with The Institute of Internal Auditors' International Professional Practices Framework.

## EXTERNAL STAKEHOLDER AND PUBLIC COMMUNICATION

Consistent and constant communication with capital market participants is necessary to facilitate the effective discharge of the SC's responsibilities. Regular meetings and discussions with its key stakeholders enable the SC to provide facilitative policies, a robust regulatory framework, and encourage continuous growth and development of the capital market. All media releases, publications, guidelines, annual reports as well as consultation and response papers are posted on the SC's official website – [www.sc.com.my](http://www.sc.com.my).

The SC's Consumer and Investor Office acts as one of the key channels in engaging investors and the public. The office receives and handles public complaints and enquiries relating to the capital market. In addition, it is also responsible for the SC's investor empowerment strategy under the InvestSmart® brand, targeted towards the public and investors of all life stages.

Through InvestSmart®, the SC undertakes various initiatives via different modalities such as exhibitions, seminars, roadshows, digital and social media on the fundamentals of making sound investment decisions.

SIDREC is a body approved by the SC to handle capital market-related monetary disputes by investors against its members. SIDREC's members are licensed intermediaries and registered persons specified under Part 1 of Schedule 4 of the CMSA, carrying out dealings in securities, derivatives, PRS, and fund management in Malaysia. They comprise banks, stockbrokers, derivatives brokers, fund management companies, unit trust management companies, PRS providers and distributors as well as two specified development financial institutions (DFIs).

Effective and affordable access to redress for monetary disputes between investors and market intermediaries provided by an independent and impartial body forms part of international best practice and supports the SC's investor protection and empowerment initiative.

Under SIDREC's Mandatory Scheme for claims not exceeding RM250,000, SIDREC's members are required to participate in SIDREC's dispute resolution process. Services under the Mandatory Scheme are free to investors. Under its Voluntary Scheme, where both parties must agree to use SIDREC's expert services, SIDREC is able to accept claims exceeding RM250,000 for mediation and adjudication as well as court-referred mediation.

Apart from its involvement during the dispute resolution process with both SIDREC's members and investors, SIDREC also interacts with the investing public through its awareness initiatives. In addition, SIDREC concurrently engages its members, the SC, and other stakeholders such as related industry associations and self-regulatory organisations (SROs) to provide positive insights and concerns stemming from its dispute resolution process. This provides valuable feedback to the market, investors, and the regulator.

SECURITIES COMMISSION MALAYSIA

# FINANCIAL STATEMENTS

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Financial statements  
for the financial year ended  
31 December 2021

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	146,902	151,677
Right-of-use assets	5	6,659	6,751
Deferred tax asset	6	8,972	-
Other receivables	7	2,971	4,110
Other investments	8	24,675	75,423
		<u>190,179</u>	<u>237,961</u>
<b>CURRENT ASSETS</b>			
Other investments	8	980,124	788,233
Trade and other receivables	9	26,871	50,983
Cash and cash equivalents	10	83,134	90,649
		<u>1,090,129</u>	<u>929,865</u>
<b>TOTAL ASSETS</b>		<u>1,280,308</u>	<u>1,167,826</u>
<b>RESERVES</b>			
Compensation fund reserve	11	100,000	100,000
Accumulated surplus		906,276	848,450
<b>TOTAL RESERVES</b>		<u>1,006,276</u>	<u>948,450</u>
<b>NON-CURRENT LIABILITIES</b>			
Post-employment benefits	12	183,310	140,416
<b>CURRENT LIABILITIES</b>			
Deferred income	13	-	704
Other payables and accruals	14	90,722	78,256
		<u>90,722</u>	<u>78,960</u>
Total liabilities		<u>274,032</u>	<u>219,376</u>
Total reserves and liabilities		<u>1,280,308</u>	<u>1,167,826</u>

The notes on pages 102 to 128 are an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
<b>REVENUE</b>			
Levies		243,105	285,601
Fees and charges		16,939	13,887
Licence fees		2,908	1,380
Finance income		25,813	28,651
Registration fees		3,060	3,043
Other income		16,683	12,587
	15	<u>308,508</u>	<u>345,149</u>
<b>Less: Expenditure</b>			
Staff costs	16	178,539	164,475
Administrative expenses		26,434	28,972
Depreciation of property, plant and equipment	4	11,602	11,259
Depreciation of right-of-use assets	5	92	92
Rental expense		522	282
		<u>217,189</u>	<u>205,080</u>
<b>NET OPERATING SURPLUS</b>		91,319	140,069
Less: Funds to affiliates	17	<u>(7,600)</u>	<u>(7,500)</u>
Surplus before tax for the year	18	83,719	132,569
Tax benefit	19	<u>8,972</u>	<u>-</u>
Surplus after tax for the year		92,691	132,569
Other comprehensive loss, net of tax items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	20	<u>(34,865)</u>	<u>(51,353)</u>
Surplus and total comprehensive income for the year		<u>57,826</u>	<u>81,216</u>

The notes on pages 102 to 128 are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Compensation fund reserve RM'000	Accumulated surplus RM'000	Total RM'000
At 1 January 2020	100,000	767,234	867,234
Surplus for the year	-	132,569	132,569
Remeasurement of defined benefit liability	-	(51,353)	(51,353)
Surplus and total comprehensive income for the year	-	81,216	81,216
At 31 December 2020/1 January 2021	100,000	848,450	948,450
Surplus for the year	-	92,691	92,691
Remeasurement of defined benefit liability	-	(34,865)	(34,865)
Surplus and total comprehensive income for the year	-	57,826	57,826
At 31 December 2021	100,000	906,276	1,006,276
	Note 11		

The notes on pages 102 to 128 are an integral part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus before tax		83,719	132,569
Adjustments for:			
Depreciation of property, plant and equipment	4	11,602	11,259
Depreciation of right-of-use assets	5	92	92
Amortisation of deferred income	13	(704)	(1,887)
Finance income		(25,813)	(28,651)
Gain on disposal of property, plant and equipment		-	(11)
<b>OPERATING SURPLUS BEFORE WORKING CAPITAL CHANGES</b>		<b>68,896</b>	<b>113,371</b>
Changes in working capital:			
Post-employment benefits		8,029	8,413
Trade and other receivables		24,481	(21,747)
Other payables and accruals		12,466	(4,808)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>113,872</b>	<b>95,229</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Maturity of investments in Malaysian Government Securities and Government Guaranteed Bonds		55,376	20,672
Movement in restricted deposits placed with licensed banks		(4,599)	(2,236)
Movement in deposits placed with licensed banks		(196,519)	(137,725)
Finance income received		26,583	27,653
Proceeds from disposal of plant and equipment		1	19
Acquisition of property, plant and equipment		(6,828)	(10,429)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(125,986)</b>	<b>(102,046)</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		<b>(12,114)</b>	<b>(6,817)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>		<b>37,736</b>	<b>44,553</b>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>		<b>25,622</b>	<b>37,736</b>
Cash and cash equivalents comprise:			
Cash and bank balances	10	25,247	15,853
Deposits placed with licensed banks	10	57,887	74,796
		83,134	90,649
Less: Restricted deposits		(57,512)	(52,913)
		<b>25,622</b>	<b>37,736</b>

The notes on pages 102 to 128 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 1. GENERAL INFORMATION

The Securities Commission Malaysia (SC) is a statutory body established under the *Securities Commission Malaysia Act 1993* (SCMA) for the regulation and development of capital markets. The SC has direct responsibility for supervising and monitoring the activities of market institutions including the exchanges and clearing houses and regulating all persons licensed under the *Capital Markets and Services Act 2007*. The address of the SC is at:

3, Persiaran Bukit Kiara,  
Bukit Kiara,  
50490 Kuala Lumpur, Malaysia.

These financial statements were authorised for issue by the Board Members on 28 January 2022.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the SC have been prepared in accordance with *Malaysian Financial Reporting Standards* (MFRSs), and *International Financial Reporting Standards* (IFRS).

#### (i) Amendments to published standards that are effective

The SC has applied the following amendments to published standards for the first time for the financial year beginning on 1 January 2021:

- Amendments to MFRS 16 *Covid-19 – Related Rent Concessions*

The adoption of these amendments to published standards did not have any material impact on the current period or any prior period and is not likely to affect future periods.

#### (ii) Amendments to published standards that have been issued but not yet effective

New amendments to published standards and annual improvements that are effective for financial year beginning after 1 January 2021 are set out below:

- Annual Improvements to MFRS 9 *Fees in the 10% test for derecognition of financial liabilities* (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* and IC Interpretation 21 *Levies* where such liabilities fall within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

- Amendments to MFRS 116 *Proceeds before intended use* (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

The amendments shall be applied retrospectively

- Amendments to MFRS 137 *Onerous Contracts – Cost of Fulfilling a Contract* (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.
- Amendments to MFRS 101 *Classification of liabilities as current or non-current* (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

The amendments shall be applied retrospectively.

- Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

These amendments to published standards and annual improvements will be adopted on the respective effective dates. The SC has started a preliminary assessment on the effects of the above amendments to published standards and annual improvements and the impact is still being assessed.

## (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the SC's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following:

#### (i) Post-employment benefits

The provision is determined using actuarial valuation prepared by an independent actuary. The actuarial valuation involved making assumptions about discount rate, medical inflation rate and life expectancy. As such, the estimated provision amount is subject to significant uncertainty. The assumptions used to estimate the provision are as disclosed in Note 12.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the SC, unless otherwise stated.

### (a) Financial instruments

#### (i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the SC becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

**(ii) Financial instrument categories and subsequent measurement****Financial assets**

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the SC changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

**Amortised cost**

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Finance income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Finance income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(e)(i)) where the effective interest rate is applied to the amortised cost.

**Financial liabilities****Amortised cost**

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Finance cost is recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

**(iii) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the SC currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

## (b) Property, plant and equipment

### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts, if any, of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within 'other income' or 'other expenses' respectively in profit or loss.

### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the SC and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative year are as follows:

Buildings	50 years
Office equipment, furniture and fittings	5 - 10 years
Computer and application systems	3 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

## (c) Leases

### (i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the SC assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- as a lessee, it has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- as a lessee, it has the right to direct the use of the asset. The SC has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the SC has the right to direct the use of the asset if either the SC has the right to operate the asset; or the SC designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the SC allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the SC is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

### (ii) Recognition and initial measurement

#### As a lessee

The SC has classified leasehold land which in substance was a finance lease as right-of-use assets.

The SC has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The SC recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### (iii) Subsequent measurement

#### As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

## (d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with licensed banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the SC in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of restricted deposits.

Included in the restricted deposits are monetary penalty received from administrative sanctions which were imposed by the SC against a person pursuant to breaches of securities laws. This amount of penalty received is recorded as other payables and shall be paid into and form part of the Federal Consolidated Fund upon conclusion of each sanction.

## (e) Impairment

### (i) Financial assets

The SC recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The SC measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and cash equivalents for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the SC considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the SC's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the SC is exposed to credit risk.

The SC estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the SC assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the SC determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the SC's procedures for recovery of amounts due.

**(ii) Non-financial assets**

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

**(f) Revenue and other income****(i) Revenue**

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring services to a customer, excluding amounts collected on behalf of third party. The SC recognises revenue when (or as) it transfers control over a service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The SC transfers control of a good or service at a point in time unless one of the following over-time criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the SC performs;
- (b) the SC's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the SC's performance does not create an asset with an alternative use and the SC has an enforceable right to payment for performance completed to date.

**(ii) Levies**

Levies collected by Bursa Malaysia Securities Bhd (Bursa Malaysia) as specified in Section 24 of the SCMA and the Securities Commission (*Levy on Securities Transactions (Amendment) Order 2009*).

The SC recognises levies from Bursa as income at point in time on an accrual basis.

**(iii) Fees and charges**

The SC records fees and charges as income over time when the services are performed.

**(iv) Registration fees**

Registration fees are recognised at a point in time upon submission of registrations by registrants.

**(v) Licence fees**

Licence fees are recognised as income as the services are performed over time. The SC records the licence fees received in advance as a liability.

**(vi) Finance income**

Finance income is recognised as it accrues using the effective interest method in profit or loss. It comprises (a) interest earned on bank deposits and debt securities; and (b) the amortisation of premiums or discounts on purchases of debt securities measured at amortised cost.

**(vii) Other income**

Included in other income is penalty income which is recognised at a point in time pursuant to Section 31Z of SCMA where the AOB imposes monetary penalty on auditors for failure to comply with the AOB's registration conditions. The penalty amount is restricted and shall be utilised for planning and implementing capacity-building programmes in relation to the accounting and auditing profession.

**(g) Employee benefits****(i) Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave, contribution to social security contributions (SOCSO), Employees Provident Fund (EPF) or Private Retirement Scheme (PRS) are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the SC has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(ii) Defined benefit plans****Post-employment benefits**

The SC provides post-employment medical coverage to eligible employees engaged prior to 1 January 2003.

The SC's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligations is performed by an independent qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the SC, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The SC determines the net finance cost or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Costs and expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The SC recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### **(h) Deferred taxes**

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### **(i) Funds to affiliates**

The SC provides funds to eligible affiliates to undertake capital market activities. These funds are recognised in profit or loss when payments have been made.

## (j) Contingencies

### Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the SC, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

### Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the SC or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

## (k) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the SC uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the SC can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The SC recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

#### 4. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Office equipment, furniture and fittings RM'000	Computer and application systems RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
<b>Cost</b>						
At 1 January 2020	232,162	114,208	79,772	1,753	2,778	430,673
Additions	-	1,001	2,160	-	7,268	10,429
Disposals	-	(24)	(312)	-	-	(336)
Transfer (from)/to	-	4,702	2,018	-	(6,720)	-
At 31 December 2020/ 1 January 2021	232,162	119,887	83,638	1,753	3,326	440,766
Additions	-	630	710	-	5,488	6,828
Disposals	-	(6)	(5)	-	-	(11)
Transfer (from)/to	-	-	4,475	-	(4,475)	-
At 31 December 2021	232,162	120,511	88,818	1,753	4,339	447,583
<b>Less: Accumulated depreciation</b>						
At 1 January 2020						
Accumulated depreciation	95,283	108,198	72,979	1,589	-	278,049
Accumulated impairment loss	109	-	-	-	-	109
Depreciation for the year	4,643	2,274	4,264	78	-	11,259
Disposals	-	(16)	(312)	-	-	(328)
At 31 December 2020/ 1 January 2021	100,035	110,456	76,931	1,667	-	289,089
Accumulated depreciation	99,926	110,456	76,931	1,667	-	288,980
Accumulated impairment loss	109	-	-	-	-	109
Depreciation for the year	4,643	2,606	4,309	44	-	11,602
Disposals	-	(5)	(5)	-	-	(10)
At 31 December 2021	104,678	113,057	81,235	1,711	-	300,681
Accumulated depreciation	104,569	113,057	81,235	1,711	-	300,572
Accumulated impairment loss	109	-	-	-	-	109
<b>Carrying amounts</b>						
At 1 January 2020	136,770	6,010	6,793	164	2,778	152,515
At 31 December 2020/ 1 January 2021	132,127	9,431	6,707	86	3,326	151,677
At 31 December 2021	127,484	7,454	7,583	42	4,339	146,902

## 5. RIGHT-OF-USE ASSETS

	<b>Leasehold land RM'000</b>
At 1 January 2020	6,843
Depreciation	(92)
	<hr/>
At 31 December 2020/1 January 2021	6,751
Depreciation	(92)
	<hr/>
At 31 December 2021	<u>6,659</u>

The SC leases two leasehold land for 99 years which expire in 2094 and 2096, respectively.

## 6. DEFERRED TAX ASSET

Deferred tax asset is offset when there is a legally enforceable right to set off current tax asset against current tax liabilities and when the deferred taxes relate to the same tax authority.

	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Deferred tax asset	<u>8,972</u>	<u>-</u>
At 1 January 2021/ 31 December 2020	-	-
Credited to income statement (Note 19)		
– Property, plant and equipment	6,318	-
– Tax losses	2,654	-
	<hr/>	<hr/>
At 31 December 2021	<u>8,972</u>	<u>-</u>

Deferred tax asset has not been recognised in respect of these items because the SC has been exempted from taxation with effect from Year Assessment (YA) 2007 until YA 2021.

The amounts of unutilised tax losses and unutilised capital allowances for which no deferred tax asset is recognised in the statement of financial position are as follow:

	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Unutilised capital allowances	-	26,324
Unutilised tax losses	-	11,060
	<hr/>	<hr/>
At 31 December 2021	<u>-</u>	<u>37,384</u>

With effect from YA 2022, the SC will be subjected to tax rate of 24% under the requirements of *Income Tax Act 1967*. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the tax losses and unutilised capital allowance can be utilised.

## 7. OTHER RECEIVABLES

	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Staff financing	4,441	5,347
Less: Unearned profit		
– Islamic financing on housing and motor vehicles	(155)	(189)
	<u>4,286</u>	<u>5,158</u>
Less: Amount due within 12 months (Note 9)	(1,315)	(1,048)
	<u>2,971</u>	<u>4,110</u>

The rates and tenure of staff financing are as follow:

	<b>Rate charged (per annum)</b>	<b>Maximum repayable period</b>
Islamic financing and conventional housing loans	2%	25 years
Islamic financing and conventional motor vehicle loans	4%	7 years
Study loans	-	5 years
Computer loans	-	4 years

The Islamic and conventional housing and motor vehicle financing are secured over the properties and motor vehicles of the borrowers, respectively.

The maturity structure of the financing to staff as at the end of the financial year is as follows:

	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Within 1 year	1,315	1,048
More than 1 year and up to 5 years	2,273	2,887
More than 5 years	698	1,223
	<u>4,286</u>	<u>5,158</u>

## 8. OTHER INVESTMENTS

	Non-current		Current		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Amortised costs:						
– Malaysian Government Securities and Government Guaranteed Bonds	5,175	75,423	70,067	55,195	75,242	130,618
– Deposits placed with licensed banks	19,500	-	910,057	733,038	929,557	733,038
	<u>24,675</u>	<u>75,423</u>	<u>980,124</u>	<u>788,233</u>	<u>1,004,799</u>	<u>863,656</u>

Included in deposits placed with licensed banks are amounts restricted for stockbroking industry development of RM14.9 million (2020: RM14.1 million) and amount restricted for planning and implementing capacity- building programmes in relation to the accounting and auditing profession of RM2.1 million (2020: RM1.9 million).

Malaysian Government Securities and Government Guaranteed Bonds will mature in 2022 and 2024, respectively. The weighted average yield to maturity of Malaysian Government Securities and Government Guaranteed Bonds was 3.80% per annum (2020: 3.98% per annum).

Deposits placed with licensed banks have maturity period of 12 months and 15 months (2020: 12 months and 15 months) and earned income at rates ranging from 2.20% to 3.80% per annum (2020: 2.20% to 4.20% per annum).

## 9. TRADE AND OTHER RECEIVABLES

	2021 RM'000	2020 RM'000
Levies	13,450	36,372
Finance income receivable	8,792	9,562
Other receivables	526	877
Deposit	145	252
Prepayments	2,643	2,872
Short term staff financing (Note 7)	1,315	1,048
	<u>26,871</u>	<u>50,983</u>

## 10. CASH AND CASH EQUIVALENTS

	2021 RM'000	2020 RM'000
Cash and bank balances	25,247	15,853
Deposits placed with licensed banks	57,887	74,796
	<u>83,134</u>	<u>90,649</u>

The deposits placed with licensed banks earned income at rates ranging from 1.50% to 1.70% per annum (2020: 1.50% to 3.05% per annum).

Included in deposits placed with licensed banks are amounts restricted for brokers' security deposits of RM0.2 million (2020: RM1.3 million) and amount held on behalf of government agencies or funds of approximately RM57.3 million (2020: RM51.6 million).

The bank balances are placed with licensed banks.

## 11. COMPENSATION FUND RESERVE

This represents an amount allocated from the accumulated surplus for the Capital Market Compensation Fund Corporation.

## 12. POST-EMPLOYMENT BENEFITS

The SC provides post-employment medical coverage to eligible employees engaged prior to 1 January 2003. The defined benefit plan is an unfunded post-employment medical plan, which provides medical benefits for participants and their eligible dependants after retirement age until the death of the participant or spouse, or for child dependants up to age 18 or age 24, if they are still studying.

As such, the ultimate cost of the plan depends on the longevity of the retirees and their eligible dependants, the incidence and cost of events resulting in claims under the plan, and the inflation of such costs in the future.

### Funding

The plan is unfunded. Employer contributions to the plan refer to the medical claim amounts paid directly by the SC. The SC expects to pay approximately RM3.0 million in contributions to its defined benefit plan in 2022.

### Movement in net defined benefit liability

	<b>2021</b> <b>RM'000</b>	<b>2020</b> <b>RM'000</b>
Net defined benefit liability at 1 January	140,416	80,650
<u>Included in profit or loss</u>		
Current service cost	3,981	3,953
Finance cost	6,824	6,420
	10,805	10,373
<u>Others</u>		
Benefits paid	(2,776)	(1,960)
Remeasurement of defined benefit liability	34,865	51,353
Net defined benefit liability at 31 December	183,310	140,416

**Defined benefit obligation**  
**Actuarial assumptions**

Principal actuarial assumptions at the end of reporting period expressed as weighted averages:

	<b>2021</b>	<b>2020</b>
Discount rate	5.2%	4.9%
Medical cost inflation	10%, reducing to 6% in 4 years	10%, reducing to 6% in 4 years
Normal retirement age	60 years	60 years

Assumptions regarding future mortality are based on published statistics and mortality tables.

At 31 December 2021, the weighted-average duration of the defined benefit obligation was 20 years (2020: 20 years).

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below.

	<b>Defined benefit obligation Increase RM'000</b>	<b>Decrease RM'000</b>
<b>2021</b>		
Discount rate (1% movement)	(29,513)	37,945
Medical cost inflation rate (1% movement)	36,112	(28,780)
<b>2020</b>		
Discount rate (1% movement)	(21,343)	26,819
Medical cost inflation rate (1% movement)	26,819	(21,764)

**13. DEFERRED INCOME**

	<b>2021 RM'000</b>	<b>2020 RM'000</b>
At 1 January 2021/2020	704	2,591
Less: Recognised in profit or loss during the year	(704)	(1,887)
Deferred income	-	704

In 2017, the SC has received approval from the Ministry of Finance to utilise the residual sum disgorged from individuals for breaches of insider trading and market manipulation provisions under the securities laws, amounted to RM8.4 million. This sum is to defray the cost of regulating the market in Malaysia.

## 14. OTHER PAYABLES AND ACCRUALS

	2021 RM'000	2020 RM'000
Other payables	80,147	69,333
Prepaid		
– Fees and charges	4,723	-
– Licence fees	622	850
– Registration fee	440	432
– Other income	210	115
Accruals	4,266	5,735
Brokers' security deposits	314	1,791
	90,722	78,256

## 15. REVENUE

	Note	2021 RM'000	2020 RM'000
Revenue	15.1	262,952	300,868
Other income			
– Finance		25,813	28,651
– Others		19,743	15,630
		45,556	44,281
Total revenue		308,508	345,149

### 15.1 Nature of goods and services

The following information reflects the transactions of the SC:

<u>Nature of services</u>	<u>Significant payment term</u>	<u>Timing of recognition or method used to recognise revenue</u>
Levies	30 days	Revenue is derived from Malaysia and recognised at a point in time.
Fees and charges	Not applicable	Revenue is derived from Malaysia and recognised over time.
Licence fees	Not applicable	Revenue is derived from Malaysia and recognised over time.

**16. STAFF COSTS**

	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Remuneration, bonus, staff medical, staff training and overtime	145,360	133,238
Defined contribution plan	19,153	18,103
Other employees benefits	3,221	2,761
Post-employment benefits	10,805	10,373
	<u>178,539</u>	<u>164,475</u>

**17. FUNDS TO AFFILIATES**

The SC provides funds to various entities involved in projects and programmes that develop, promote and enhance the well-being of the Malaysian capital market.

**18. SURPLUS BEFORE TAX**

	<b>Note</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Surplus before tax is arrived at after charging/ (crediting):			
Auditors' remuneration		135	100
Executive members' emoluments		5,465	4,942
Non-executive members' allowance		1,026	1,123
Rental expense:			
Property	(a)	288	86
Plant and equipment	(b)	234	196
Depreciation of property, plant and equipment	4	11,602	11,259
Depreciation of right-of-use assets	5	92	92
Gain on disposal of plant and equipment		-	(11)
		<u>          </u>	<u>          </u>

Note

- (a) The SC leases an office building on a short-term lease and has elected not to recognise right-of-use assets and lease liabilities for the arrangement.
- (b) The SC leases IT equipment considered as leases of low-value items and short-term leases. The SC has elected not to recognise right-of-use assets and lease liabilities for these arrangements.

## 19. TAX BENEFIT

	2021 RM'000	2020 RM'000
Deferred tax assets (Note 6)		
– Origination of temporary differences	8,972	-

The explanation and the relationship between tax benefit and surplus before tax is as follows:

	2021 RM'000	2020 RM'000
Surplus before tax	83,719	132,569
Tax calculated at the Malaysian tax rate of 0% (2020: 0%)	-	-
Tax effects of:		
– Recognition of deferred tax assets on unutilised tax losses previously not recognised	2,654	-
– Recognition of deferred tax assets on unutilised capital allowance previously not recognised	6,318	-
Tax benefit	8,972	-

The SC was granted approval from the Minister of Finance to be exempted from taxation with effect from Year Assessment (YA) 2007 until YA 2021. With effect from YA 2022, the SC will be subjected to tax rate of 24% under the requirements of *Income Tax Act 1967*. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the tax losses and unutilised capital allowance can be utilised.

## 20. OTHER COMPREHENSIVE LOSS

	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
<b>2021</b>			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	34,865	-	34,865
<b>2020</b>			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	51,353	-	51,353

## 21. RELATED PARTIES

### Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the SC if the SC has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the SC and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the SC either directly or indirectly.

The SC has related party relationship with Securities Industry Development Corporation (SIDC), as the Chairman of the SC is also the Chairperson of SIDC.

Lee Hishammuddin Allen & Gledhill (LHAG) was deemed to be a related party of the SC by virtue of a Board Member of the SC was also a partner of LHAG.

### Significant related party transactions

The significant related party transactions of the SC are shown below:

	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Related party		
Management fee earned from SIDC	-	129
Fund to SIDC	(3,500)	(3,500)
Legal fees charged by LHAG	-	(34)
	<u>                    </u>	<u>                    </u>

## 22. CAPITAL COMMITMENTS

	<b>2021 RM'000</b>	<b>2020 RM'000</b>
<u>Capital expenditure commitments</u>		
<u>Plant and equipment</u>		
Approved but not contracted for:		
Within one year	37,630	18,170
Within two - three years	-	1,700
	<u>                    </u>	<u>                    </u>

## 23. FINANCIAL INSTRUMENTS

### 23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised costs (AC).

	<b>Carrying amount RM'000</b>	<b>AC RM'000</b>
<b>2021</b>		
<u>Financial assets</u>		
Other receivables	2,971	2,971
Other investments	1,004,799	1,004,799
Trade and other receivables*	24,083	24,083
Cash and cash equivalents	83,134	83,134
	<u>1,114,987</u>	<u>1,114,987</u>
<u>Financial liabilities</u>		
Other payables and accruals*	<u>(84,727)</u>	<u>(84,727)</u>
<b>2020</b>		
<u>Financial assets</u>		
Other receivables	4,110	4,110
Other investments	863,656	863,656
Trade and other receivables*	47,859	47,859
Cash and cash equivalents	90,649	90,649
	<u>1,006,274</u>	<u>1,006,274</u>
<u>Financial liabilities</u>		
Other payables and accruals*	<u>(76,859)</u>	<u>(76,859)</u>

\* Exclude non-financial instruments

### 23.2 Financial risk management

The SC has policies and guidelines on the overall investment strategies and tolerance towards risk. Investments are managed in a prudent manner to ensure the preservation and conservation of the fund. The SC has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 23.3 Credit risk

Credit risk is the risk of a financial loss to the SC if a counterparty to a financial instrument fails to meet its contractual obligations. The exposure to credit risk arises principally from the individual characteristics of each customer. There are no significant changes as compared to prior periods.

#### Receivables

##### *Risk management objectives, policies, and processes for managing the risk*

The SC has a formal credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

In managing credit risk of receivables, the SC manages its debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, receivables will pay within 30 days.

##### *Recognition and measurement of impairment loss*

The SC uses an allowance matrix to measure Expected Credit Losses (ECLs) of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

The following table provides information about the exposure to credit risk and ECLs for receivables as at 31 December 2021 which are grouped together as they are expected to have similar risk nature.

	<b>Gross- carrying amount RM'000</b>	<b>Loss allowance RM'000</b>	<b>Net balance RM'000</b>
<b><u>2021</u></b>			
Not past due	29,842	-	29,842
<b><u>2020</u></b>			
Not past due	54,941	-	54,941
Past due 1 - 30 days	-	-	-
Past due 31 - 90 days	-	-	-
Past due 91 - 180 days	-	-	-
Past due more than 180 days	152	-	152
	<u>55,093</u>	<u>-</u>	<u>55,093</u>

The receivables that are past due have not recognised any loss allowance as the receivables are supported by collateral in the form of residential properties with respective fair value exceeding its outstanding debts.

The fair values of these collateralised properties are determined using the comparison method based on professional valuation.

### Cash and cash equivalents

The cash and cash equivalents are held with licensed banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These licensed banks and financial institutions have low credit risk. In addition, some of the bank balances are insured by government agencies. Consequently, the SC is of the view that the loss allowance is not material and hence, it is not provided for.

### Investments and other financial assets

#### *Risk management objectives, policies, and processes for managing risk*

The SC's investments are mainly in fixed deposits with approved financial institutions and bonds issued by the Government and other government agencies. The SC can also engage approved financial institution(s) to manage fixed income related securities with ratings A and above.

#### *Exposure to credit risk, credit quality, and collateral*

As at the end of the reporting period, the SC has only invested in Malaysian government securities and government guaranteed bonds. As these investments are liquid and with counterparties that have credit ratings that are sovereign or near sovereign, the credit risk is low. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

## 23.4 Liquidity risk

Liquidity risk is the risk that the SC will not be able to meet its financial obligations as they fall due. The SC monitors and maintains a level of cash and cash equivalents deemed necessary by the SC to finance its operations and to mitigate the effects of fluctuations in cash flows.

### Maturity analysis

The table below summarises the maturity profile of the SC's financial liabilities as at the end of the reporting period. There is no contractual interest rate for other payables and accruals.

	<b>Carrying amount RM'000</b>	<b>Contractual cash flow RM'000</b>	<b>Under 1 year RM'000</b>
<b><u>2021</u></b>			
<b><u>Financial liabilities</u></b>			
Other payables and accruals*	84,727	84,727	84,727
<b><u>2020</u></b>			
<b><u>Financial liabilities</u></b>			
Other payables and accruals*	76,859	76,859	76,859

\* Exclude non-financial instruments

## 23.5 Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the SC's financial position or cash flows.

### 23.5.1 Interest rate risk

The interest rate profile of the SC's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2021 RM'000	2020 RM'000
<b><u>Fixed rate instruments</u></b>		
Financial assets	1,062,686	938,452

#### Interest rate risk sensitivity analysis

##### *Fair value sensitivity analysis for fixed rate instruments*

The SC does not have any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

## 23.6 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of fixed deposits is assumed to reasonably approximate their fair values.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statement of financial position.

	<b><u>Fair value of financial instruments not carried at fair value</u></b>			<b>Total RM'000</b>	<b>Carrying amount RM'000</b>
	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>		
<b><u>2021</u></b>					
<b><u>Current</u></b>					
<b><u>Financial assets</u></b>					
Malaysian Government Securities and Government Guaranteed Bonds	71,012	-	-	71,012	70,067
	<u>71,012</u>	<u>-</u>	<u>-</u>	<u>71,012</u>	<u>70,067</u>

	Fair value of financial instruments not carried at fair value			Total RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b><u>Non-current</u></b>					
<b><u>Financial assets</u></b>					
Long term receivables	-	-	2,971	2,971	2,971
Malaysian Government Securities and Government Guaranteed Bonds	-	5,190	-	5,190	5,175
	-	5,190	2,971	8,161	8,146
<b><u>2020</u></b>					
<b><u>Current</u></b>					
<b><u>Financial assets</u></b>					
Malaysian Government Securities and Government Guaranteed Bonds	56,402	-	-	56,402	55,195
	56,402	-	-	56,402	55,195
<b><u>Non-current</u></b>					
<b><u>Financial assets</u></b>					
Long term receivables	-	-	4,110	4,110	4,110
Malaysian Government Securities and Government Guaranteed Bonds	-	77,444	-	77,444	75,423
	-	77,444	4,110	81,554	79,533

**Level 1 fair value**

Level 1 fair value is derived from unadjusted quoted price in active markets for identical financial assets that the entity can access at the measurement date.

**Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets, either directly or indirectly.

**Transfers between Level 1 and Level 2 fair values**

There has been no transfer between Level 1 and 2 fair values during the financial year (2020: no transfer in either direction).

**Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the financial assets.

Financial instruments not carried at fair value

<u>Type</u>	<u>Description of valuation technique and input used</u>
Long term receivables	Discounted cash flows using a rate based on the current market rate of borrowing.

**24. RESERVES MANAGEMENT**

The SC's financial management objective is to maintain adequate reserves to safeguard the SC's ability to perform its duties and functions independently and effectively. Management monitors the long-term capital commitments to ensure that sufficient funds are available to meet the obligations. The SC's investments are managed in a prudent manner to ensure the preservation of the funds.

**25. CONTINGENCIES**

In 2019, the AOB imposed sanctions against an audit firm and its partners (the Parties) which include a monetary penalty of RM631,000 for breaching the AOB's registration conditions under Section 310(3) of the SCMA. The AOB's sanctions were affirmed by the SC.

The Parties applied to the High Court for judicial review on the AOB's and the SC's decisions. On 10 August 2020, the High Court quashed the sanctions imposed by the AOB and the SC against the audit firm and its partners. Pursuant to the High Court's decision, the Parties also sought for an assessment of damages of approximately RM35.0 million from the SC/AOB. The external counsel advised that the claims against the SC/AOB of RM35.0 million is without basis. Further, pursuant to Section 160 of the SCMA, the SC/AOB were carrying out their functions in accordance with the SCMA and are protected from damages unless it can be proven that they have acted in bad faith.

On 13 August 2020, the SC/AOB filed an appeal to the Court of Appeal to set aside the High Court's decision.

On 10 December 2021, the Court of Appeal decided in favour of the SC/AOB where the High Court decision was set aside. Accordingly the AOB's enforcement actions against the audit firm and its partners remain in effect and their claim for assessment of damages were set aside.

On 20 December 2021, the Parties applied to the Court of Appeal for a stay of its decision, pending disposal of their application for leave to appeal to the Federal Court. Pending finalisation of the judicial proceedings, the monetary penalty of RM631,000 imposed by the SC/AOB against the audit firm and its partners has not been recognised as penalty income.

## STATEMENT BY BOARD MEMBERS

In the opinion of the Board Members, the financial statements set out on pages 98 to 128 are drawn up in accordance with the *Malaysian Financial Reporting Standards* and *International Financial Reporting Standards* so as to give a true and fair view of the financial position of the Securities Commission Malaysia as of 31 December 2021 and of its financial performance and cash flows for the financial year then ended.

On behalf of the Board Members:



**SYED ZAID ALBAR**  
CHAIRMAN



**WEE HOE SOON @ GOOI HOE SOON**  
MEMBER

Kuala Lumpur  
28 January 2022

## STATUTORY DECLARATION

I, **Vignaswaran A/L Kandiah**, the officer primarily responsible for the financial management of the Securities Commission Malaysia, do solemnly and sincerely declare that the financial statements set out on pages 98 to 128 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the *Statutory Declarations Act, 1960*.

Subscribed and solemnly declared by the abovenamed **Vignaswaran A/L Kandiah**, NRIC No. 561128-10-6171, at Kuala Lumpur in the Federal Territory on 28 January 2022.



**VIGNASWARAN A/L KANDIAH**  
OFFICER

Before me:



G1-1-2, Ground Floor, Menara 1 Dutamas,  
Solaris Dutamas, No. 1, Jalan Dutamas, 1,  
50480 KUALA LUMPUR, MALAYSIA.

# INDEPENDENT AUDITORS' REPORT TO THE BOARD MEMBERS OF THE SECURITIES COMMISSION MALAYSIA

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of the Securities Commission Malaysia (the SC) give a true and fair view of the financial position of the SC as at 31 December 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with the *Malaysian Financial Reporting Standards* and *International Financial Reporting Standards*.

### What we have audited

We have audited the financial statements of the SC, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 98 to 128.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and other ethical responsibilities

We are independent of the SC in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants (By-Laws) and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Responsibilities of the Board Members for the financial statements

The Board Members are responsible for the preparation of the financial statements of the SC that give a true and fair view in accordance with the *Malaysian Financial Reporting Standards* and *International Financial Reporting Standards*. The Board Members are also responsible for such internal control as the Board Members determine is necessary to enable the preparation of financial statements of the SC that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the SC, the Board Members are responsible for assessing the SC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either intend to liquidate the SC or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the SC as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the SC, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SC's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- (d) Conclude on the appropriateness of the Board Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the SC or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the SC to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the SC, including the disclosures, and whether the financial statements of the SC represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## OTHER MATTERS

This report is made solely to the Board Members, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**PRICEWATERHOUSECOOPERS PLT**  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
28 January 2022



**HERBERT CHUA GUAN HENG**  
03483/01/2024 J  
Chartered Accountant

# CORPORATE PROPOSALS

## EQUITY

The SC received 17 equity applications in 2021, of which 11 applications were for IPOs, which included a proposed dual primary listing on the Main Board of HKEX and 6 were for transfer of listings to the Main Market.

In 2021, there were 23 equity applications for consideration, of which 13 were considered, 3 were withdrawn, while the remaining 7 will be considered in 2022 (Table 1). Of the 13 equity applications considered, 8 were for IPOs on the Main Market of Bursa Malaysia with a total market capitalisation of RM9.14 billion. The estimated amount of funds raised from these IPOs is RM3.51 billion (Table 2). The remaining applications considered include 4 transfers

of listing from the ACE Market to the Main Market and 1 secondary listing on the Main Market.

In 2021, the SC also considered an application for an IPO on the Main Market which was subsequently withdrawn. The IPO would have raised about RM4.70 billion.

There were 29 new listings in 2021, of which 6 were on the Main Market, 11 were the ACE Market, and the remaining 12 were the LEAP Market with a total market capitalisation of RM7.01 billion. The total amount of funds raised from these new listings was approximately RM2.30 billion.

The SC also registered 54 equity prospectuses in 2021, comprising 14 prospectuses for IPOs and 40 abridged prospectuses (Table 3).

Table  
1 Status of equity applications

Applications	2021	2020
Brought forward from the previous year	6	3
Received during the year	17	9
<b>Total for consideration</b>	<b>23</b>	<b>12</b>
Approved during the year	13	5
Not approved during the year	-	-
Returned during the year	-	-
<b>Total considered during the year</b>	<b>(13)</b>	<b>(5)</b>
Withdrawn during the year	(3)	(1)
<b>Carried forward to the next year</b>	<b>7</b>	<b>6</b>

Table 2  
Equity applications approved by type of proposals

Type of proposals	2021		2020	
	No. of proposals approved	Estimated amount to be raised (RM million)	No. of proposals approved	Estimated amount to be raised (RM million)
IPO on Main Market: – Domestic companies	8	3,512.42	1	1,506.38
Secondary listing on Main Market	1	-	-	-
Transfer from ACE Market to Main Market	4	-	4	-
<b>TOTAL</b>	<b>13</b>	<b>3,512.42</b>	<b>5</b>	<b>1,506.38</b>

Table 3  
Registration of equity prospectuses

	2021	2020
Prospectus	14	11
Abridged Prospectus	40	27
<b>TOTAL</b>	<b>54</b>	<b>38</b>

## CORPORATE BONDS AND SUKUK

The Malaysian corporate bonds and sukuk market reported total issuances of RM114.28 billion in 2021, a 9.28% increase from RM104.58 billion issued in 2020.

In 2021, the SC received 72 lodgements under the Lodge and Launch (LOLA) Framework and approved 4 applications for issuances of corporate bonds and sukuk, as compared to 64 lodgements in the previous year (Table 4). Ringgit-denominated corporate bonds and sukuk issues continued to form the majority of the proposals approved by/lodged with the SC with a total nominal value of RM162.83 billion, of which 88.58% or RM144.23 billion were sukuk (Table 5).

The total number of ringgit-denominated corporate bonds and sukuk approved by/lodged with the SC with tenures of 1 to 7 years and more than 15 years increased by 110% and 9.76% respectively. There was a decrease of 11.11% in the total number of ringgit-denominated corporate bonds and sukuk with tenures ranging from 8 to 15 years (Chart 1).

In 2021, a total of 63 ratings were assigned by credit rating agencies to ringgit-denominated corporate bonds and sukuk issues lodged with the SC. The number of unrated issues has increased by 32% as compared to previous year (Chart 2).

There were 2 foreign currency-denominated sukuk lodged with the SC in 2021.

Table 4  
Number of corporate bonds and sukuk lodgements and applications

	2021	2020
<b>Lodgements<sup>1</sup></b>	72	64
<b>Applications</b>		
- Received	6	-
- Approved	4	-
- Withdrawn	2	-

Note:

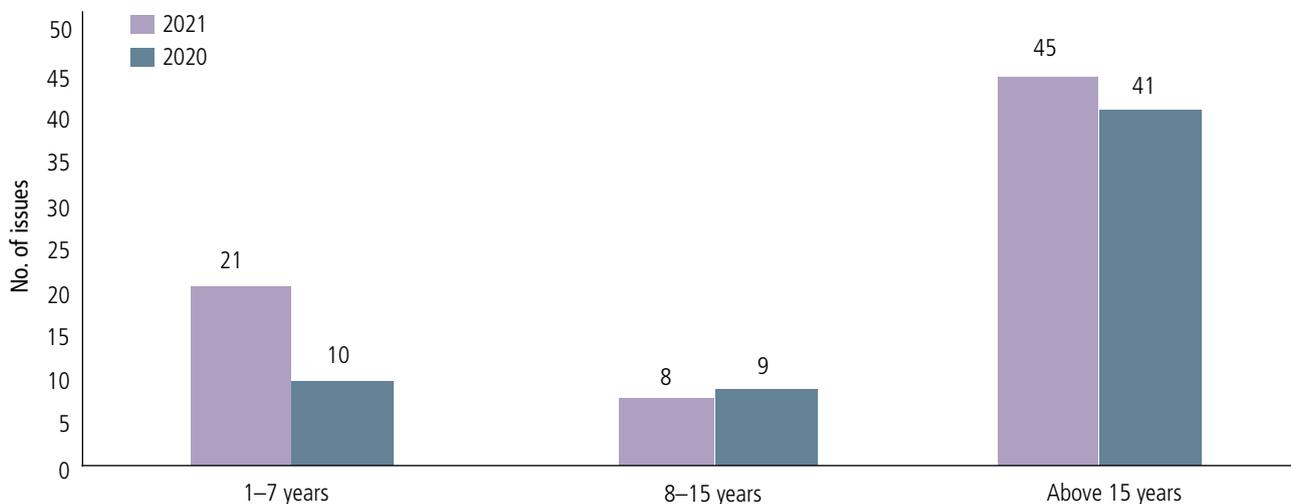
<sup>1</sup> Pursuant to the LOLA Framework.

Table 5  
Lodged/approved ringgit-denominated corporate bonds and sukuk issues

Type of issues	2021		2020	
	No. of issues	Nominal amount (RM million)	No. of issues	Nominal amount (RM million)
<b>Corporate bonds</b>				
- Commercial papers/Medium-term notes	12	13,240.00	13	23,791.00
- Bonds	2	3,200.00	-	-
- Loan stocks	3	164.64	-	-
<b>Subtotal</b>	<b>17</b>	<b>16,604.64</b>	<b>13</b>	<b>23,791.00</b>
<b>Sukuk</b>				
- Islamic commercial papers/Islamic medium-term notes	49	113,196.00	43	95,010.00
- Islamic bonds	2	30,000.00	1	3,000.00
- Islamic loan stocks	2	1,032.06	1	990.00
<b>Subtotal</b>	<b>53</b>	<b>144,228.06</b>	<b>45</b>	<b>99,000.00</b>
<b>Combination of corporate bonds and sukuk</b>				
- Commercial papers/Medium-term notes	4	2,000.00	2	2,000.00
<b>Subtotal</b>	<b>4</b>	<b>2,000.00</b>	<b>2</b>	<b>2,000.00</b>
<b>TOTAL</b>	<b>74</b>	<b>162,832.70</b>	<b>60</b>	<b>124,791.00</b>

Chart 1

Tenure of lodged/approved ringgit-denominated corporate bonds and sukuk issues



Note:  
Tenure of facility, and not the respective notes or papers under the facility.

Chart 2

Rating summary of lodged/approved ringgit-denominated corporate bonds and sukuk issues



Note:  
A corporate bond or sukuk issue may be assigned with more than 1 credit rating (e.g. for commercial papers/medium-term notes programmes, both short-term rating accorded for commercial papers and long-term rating for medium-term notes are taken into account).

## TAKE-OVERS AND MERGERS

In Malaysia, take-overs and mergers are regulated under the CMSA, the *Malaysian Code on Take-overs and Mergers 2016* (Code) and the *Rules on Take-overs, Mergers and Compulsory Acquisitions* (Rules). The SC supervises take-over and merger activities, including vetting of disclosure documents, to ensure that shareholders in a target company are treated fairly and are given the opportunity to decide on the merits of a take-over, and are afforded fair treatment by an offeror. The SC also reviews the take-over policies to ensure that the requirements provide an orderly framework within which take-overs, mergers and compulsory acquisitions are to be conducted. It is important to note that the take-over regulations are not concerned with the financial or commercial advantages or disadvantages of a take-over, which are matters for the offeree company and its shareholders to decide.

On 28 December 2021, the SC issued the revised Rules which took effect from 29 December 2021. The enhancement of the Rules was part of the post-implementation review following the issuance of the Code and the Rules in 2016. Key enhancements of the revised Rules included providing clarification on the provision for the disapplication of a mandatory offer, introduction of additional requirements relating to whitewash applications, insertion of new provisions to distinguish the requirements for pre-conditions in possible and firm offer announcements as well as clarification on other operational matters. The last revision to the Rules was made in 2017.

In 2021, the SC considered 79 applications under the Rules, compared to 80 applications in 2020. A total of 18 offer documents were cleared in 2021 by the SC, involving a total offer value of RM8.59 billion or an average of RM477.17 million per offer, which represented an increase of RM5.1 billion against the previous year (2020: 25 offers with a total offer value of RM3.49 billion or an average of RM139.57 million per offer). Of these 18 offers, 3 offers were undertaken by way of schemes<sup>1</sup> (2020: 6 schemes). The SC also cleared a cash compensation scheme document to eligible shareholders of Subur Tiasa Holdings Bhd to address an earlier trigger of the mandatory offer obligation, which was implemented concurrently with a take-over offer.

In 2021, the scheme in relation to MMC Corporation Bhd was the largest offer at RM2.94 billion in offer value, representing 34% of the total offer value for 2021. Other notable offers in terms of offer values included FGV Holdings Bhd and IJM Plantations Bhd, both of which were listed in the plantations sector of Bursa Malaysia Securities Bhd (Bursa Securities), with offer values of RM2.35 billion and RM1.20 billion respectively.

Of the 18 offers, there were 7 proposed privatisations (2020: 11 proposed privatisation offers), where 3 companies had been delisted from the stock exchange as at 31 December 2021. One particular offer in relation to IJM Plantations Bhd was not intended to be a privatisation proposal initially, but resulted in the company being delisted when the offeror and its associates held more than 90% in the company and the offeror procured the company to apply for a withdrawal of its listing status, consistent with the disclosures made in the offer document.

All the 18 offers involved target companies listed on the Main Market of Bursa Securities. The plantation sector was the highest in terms of offer value with RM3.54 billion in total offer value, representing 41% of the total offer value. Another sector of significant interest was the transportation and logistics sector with a total offer value of RM3.17 billion, representing 37% of the total offer value.

Additionally, the SC cleared 28 independent advice circulars comprising 20 circulars in relation to take-over offers/schemes and 8 circulars in relation to exemptions from the mandatory offer obligation pursuant to the whitewash procedures.

In 2021, the SC considered 16 applications for exemptions from having to undertake a mandatory take-over offer, of which 1 application was declined as it did not fully meet the factors set out in the Rules. The SC had also approved 16 applications for various matters under the Rules and other rulings, including 1 application by AT Engineering Solution Sdn Bhd (a wholly-owned subsidiary of AT Systematization Bhd) to withdraw the voluntary offer in relation to Asdion Bhd, and 6 applications for extension of time (Table 6).

<sup>1</sup> Scheme means a transaction to acquire control, or consolidate voting rights, or voting power, howsoever effected including by way of a trust scheme, scheme of arrangement, compromise, amalgamation or selective capital reduction and repayment.

Table  
6

## Applications considered in relation to take-overs, mergers and compulsory acquisitions

Type of applications/documents cleared	2021	2020
Clearance of offer/scheme documents	19*	25
Clearance of independent advice circulars	28	30
Applications for exemption from mandatory offer obligation	16	13
Other applications	16	12
<b>TOTAL</b>	<b>79</b>	<b>80</b>

Note:

\* Comprising 18 offers/scheme documents and 1 cash compensation scheme document.

As part of its mandate, the SC also closely monitors misconduct relating to take-over regulations which could jeopardise the interests of the investing public. In 2021, there were non-compliances identified, which included breaches of the mandatory offer obligation, failure by advisers in their responsibility to ensure that their clients comply with the Rules and non-compliances relating to dealings and/or disclosure of dealings in securities during an offer period, for which the SC had directed appropriate remedies where necessary. These were in addition to taking appropriate disciplinary actions ranging from issuances of

infringement notices or reprimands to imposition of penalties.

The SC seeks to pre-empt issues arising during take-overs and other relevant transactions by encouraging early consultation to clarify the application of the Code/ Rules in proposed transactions. In 2021, consultations with the SC involved various aspects of take-over regulations including on concert-party matters, downstream offer implications, actions that tantamount to frustration of offers, disqualifying transactions in whitewash exemptions and other general enquiries.

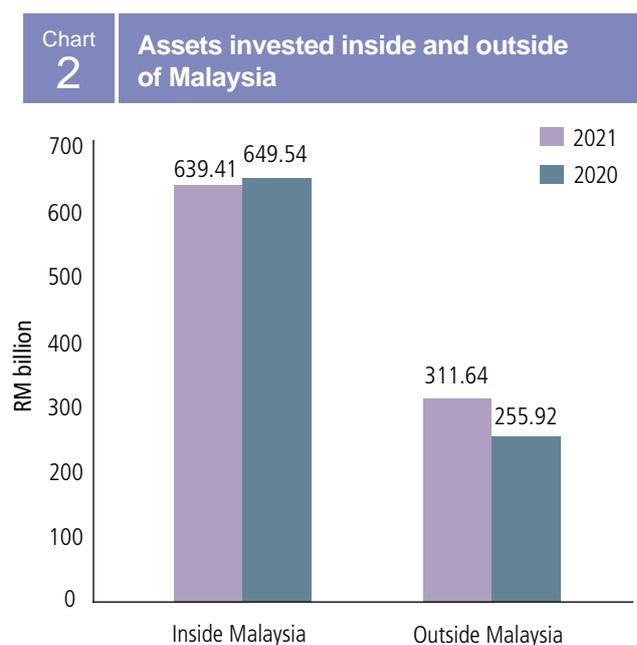
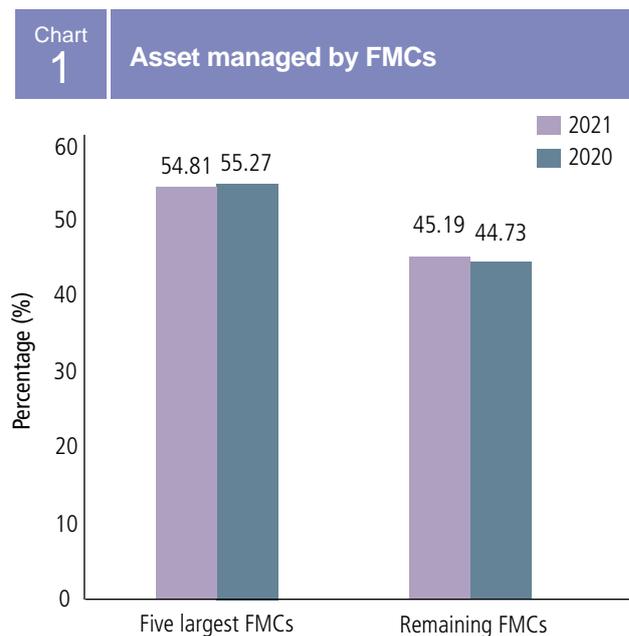
# INVESTMENT MANAGEMENT

## FUND MANAGEMENT

The total AUM of licensed FMCs in Malaysia increased by 5.04% to RM951.05 billion in 2021 from RM905.46 billion in 2020. In 2021, the top five FMCs contributed to 54.81% of the total AUM compared to 55.27% in 2020 (Chart 1).

The source of funds under management were largely from unit trust funds, the Employees Provident Fund, corporate bodies, and wholesale funds (WF) (Table 1). The funds were allocated in various asset classes and locations of which investment inside Malaysia by FMCs amounted to RM639.41 billion, representing 67.23% of the total AUM as at end 2021 (Chart 2).

Source of funds	2021 (RM billion)	2020 (RM billion)
Unit trust funds	526.89	519.53
Employees Provident Fund	163.65	150.77
Corporate bodies	94.22	86.49
Wholesale funds	79.45	67.65
Statutory bodies and government agencies	37.25	35.90
Individuals	22.68	16.74
Others	21.28	23.63
PRS	5.63	4.75
<b>TOTAL</b>	<b>951.05</b>	<b>905.46</b>



The bulk of investment was allocated in equities with 49.20% at the end of 2021, compared to 48.32% in 2020 (Chart 3). A similar trend was observed on asset allocation inside and outside Malaysia (Chart 4).

Chart 3  
Asset allocation

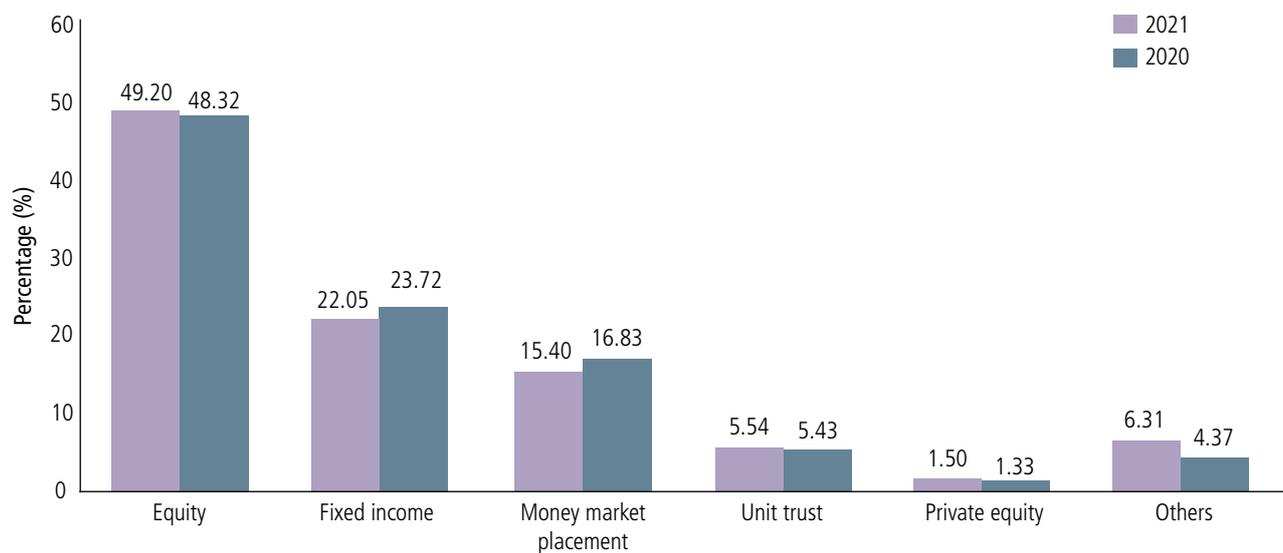
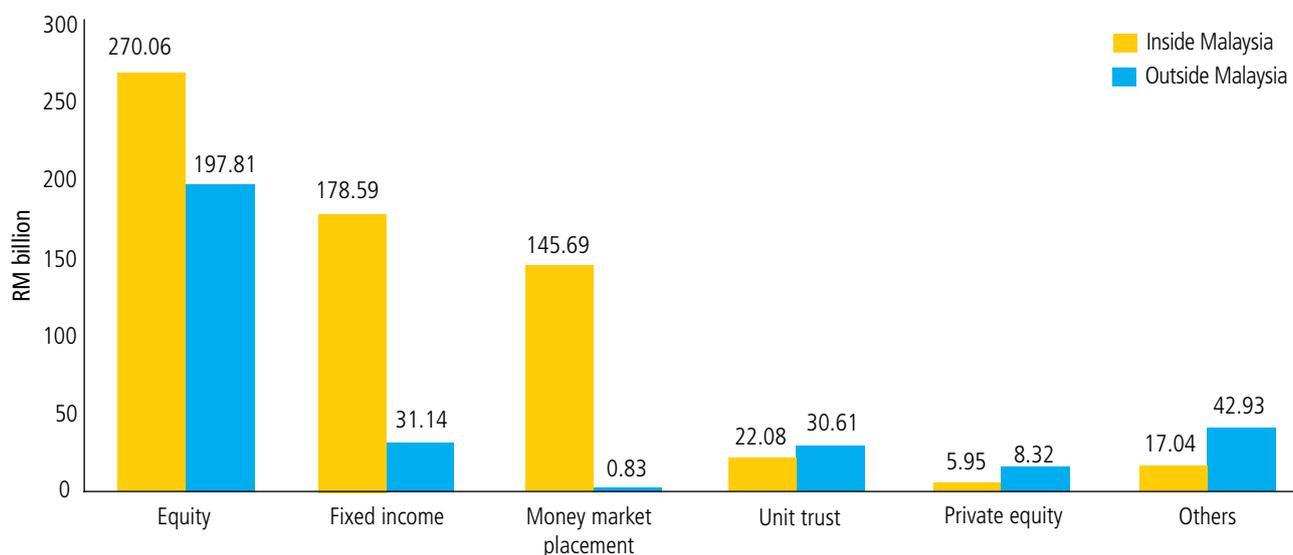


Chart 4  
Asset allocation inside and outside of Malaysia as at 31 December 2021



## COLLECTIVE INVESTMENT SCHEMES AND PRIVATE RETIREMENT SCHEMES

### Unit trust funds

Unit trust funds continued to be the largest component of the Malaysian CIS industry with a total NAV of RM526.89 billion recorded as at 31 December 2021, representing an increase of 1.42% from RM519.53 billion as at 31 December 2020. The percentage of the total NAV of the unit trust fund industry against Bursa Malaysia Securities Bhd's (Bursa Malaysia) market capitalisation is 29.45% (2020: 28.59%). In 2021, a total of 63 unit trust funds were launched while 15 funds were terminated and 4 funds matured, which brought the total number of unit trust funds offered by 39 locally-incorporated unit trust management companies to 740 funds as at 31 December 2021 (Table 2).

The unit trust funds industry recorded total gross sales (excluding reinvestment of distribution) of RM404.52 billion (2020: RM353.36 billion), the majority of which were distributed by unit trust management companies with total gross sales of RM240.54 billion (Chart 5).

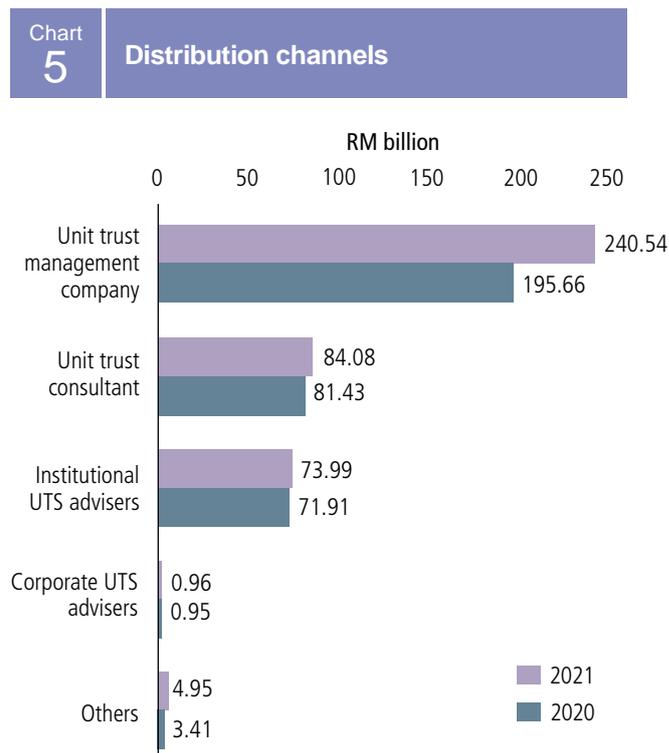


Table  
2

Overall status of UTF industry

	31 December 2021	31 December 2020
No. of funds offered	740	696
– Conventional	467	456
– Shariah-compliant	273	240
Units in circulation (billion units)	772.63	745.05
No. of accounts (million)*	24.06	21.34
Total NAV (RM billion)	526.89	519.53
– Conventional (RM billion)	398.56	391.00
– Shariah-compliant (RM billion)	128.33	128.53
% of NAV to Bursa Malaysia market capitalisation <sup>^</sup>	29.45	28.59

Note:

\* No. of accounts include number of unitholders accounts with institutional Unit Trust Schemes (UTS) advisers that operate nominee account systems.

<sup>^</sup> The comparison made between the total NAV of the unit trust funds industry and Bursa Malaysia's market capitalisation is not an indication of the actual amount invested in Bursa Malaysia by the unit trust funds.

## Wholesale funds

In the wholesale funds segment, a total NAV of RM79.45 billion was recorded as at 31 December 2021, representing an increase of 17.44% from RM67.65 billion as at 31 December 2020. A total of 75 funds were launched under the LOLA Framework to sophisticated investors while 8 funds were terminated and 10 funds matured in 2021, which brought the total number of wholesale funds offered by 44 fund management companies to 414 funds as at 31 December 2021.

## SRI funds

As at 31 December 2021, there were 34 funds offered to investors which have been qualified as SRI funds under the Guidelines on SRI Funds (2020: 7 funds). The 34 funds comprised 22 unit trust funds and 12 wholesale funds with a total NAV as at 31 December 2021 of RM5.07 billion (2020: RM1.46 billion). In 2021, 30 funds obtained SRI qualification (2020: 5 funds).

## Real estate investment trusts

With the listing of IGB Commercial Real Estate Investment Trust and the delisting of Amanah Harta Tanah PNB from the official list of Bursa Malaysia in 2021, the total number of real estate investment trusts (REITs) listed on the Main Market of Bursa Malaysia as at 31 December 2021 was 18 with a total market capitalisation (including a stapled group) of RM38.44 billion (2020: RM39.34 billion). The total asset size grew from RM56.36 billion as at 31 December 2020 to RM59.44 billion as at end of 2021. There were 2 unlisted REITs offered to sophisticated investors as of 31 December 2021.

## Exchange-traded funds

With the listing of VP-DJ Shariah China A-Shares 100 ETF and the delisting of MyETF Thomson Reuters Asia Pacific ex-Japan Islamic Agribusiness Fund in 2021, the total number of ETFs listed on the Main Market of Bursa Malaysia as at 31 December 2021 was 19 (2020: 19) with a total market capitalisation of RM2.16 billion (2020: RM2.23 billion).

## Closed-end fund

As at 31 December 2021, there continued to be only 1 closed-end fund listed on the Main Market of Bursa Malaysia with a market capitalisation of RM314 million (2020: RM298 million).

## PRIVATE RETIREMENT SCHEMES

As at 31 December 2021, the number of PRS remained unchanged (from end-2020) with 12 schemes offered by 8 PRS providers. With 2 new private retirement funds launched under these schemes in 2021, the total number of private retirement funds in operation as at 31 December 2021 was 59. The total NAV of RM5.63 billion as at 31 December 2021 represented an increase of 18.53% compared to a total NAV of RM4.75 billion as at 31 December 2020.

Overall, there was a significant decrease in withdrawals from PRS with pre-retirement withdrawals in 2021, dropping to 19% of total withdrawals as compared to 52% of total withdrawals in 2020. This is due to the expiry of the temporary exemption of the 8% tax penalty for withdrawals from sub-account B of up to RM1,500.

As at 31 December 2021, the number of new members increased by 8.37% from last year to 531,000. The following are the key PRS member demographics.

Chart  
6

PRS members by age group

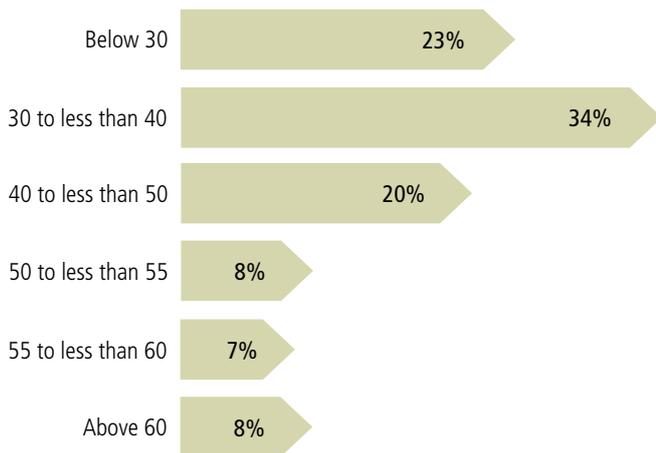


Chart  
7

PRS members by gender

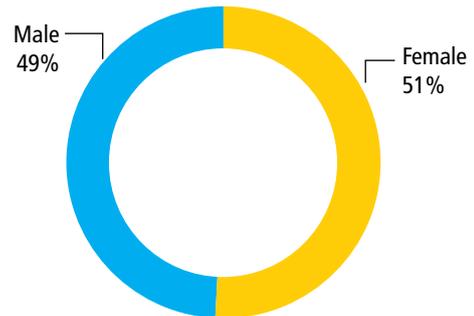
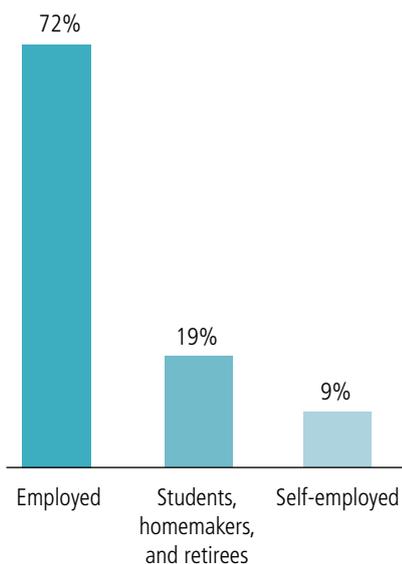
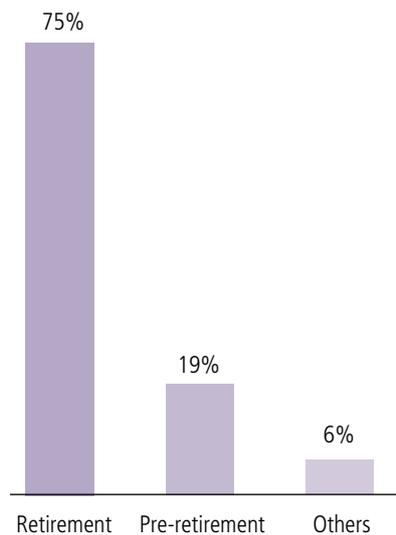


Chart  
8

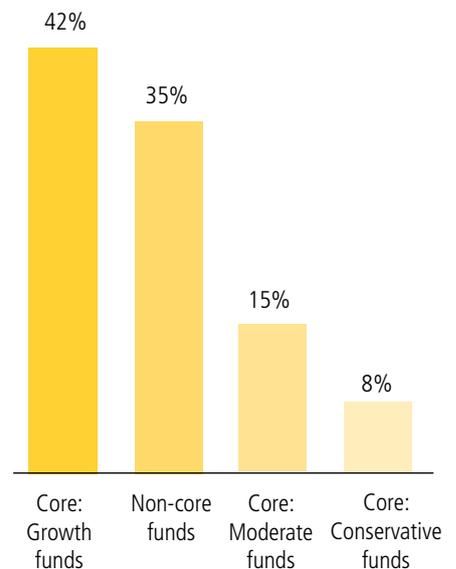
PRS members by type of employment



Withdrawal by PRS members



PRS members fund preference



In 2021, the SC considered 437 applications relating to CIS and PRS, comprising applications to establish new funds, register prospectuses/disclosure documents, register deeds, and other ancillary matters (Table 3).

Table 3 Number of applications and lodgements relating to CIS and PRS				
(i) Lodgement	Lodged		Launched	
	2021	2020	2021	2020
Wholesale funds	74	69	75	65
(ii) Application	Considered		Pending Consideration	
	2021	2020	As at 31 December 2021	As at 31 December 2020
Authorisation of CIS	67	50	6	8
– Unit trust funds	65 <sup>1</sup>	47 <sup>2</sup>	5	7
– ETFs	-	3	-	-
– REITs	2	-	1	1
Authorisation of private retirement funds	1	1	3	-
Exemption/variation from guidelines	18	23	-	4
Other applications	38 <sup>3</sup>	22 <sup>4</sup>	8	1
Registration of prospectuses/disclosure documents	188	138	14	12
Registration of deeds	125	136	13	9
<b>TOTAL</b>	<b>437</b>	<b>370</b>	<b>44</b>	<b>34</b>

Note:

<sup>1</sup> Includes 14 funds, which were qualified as SRI fund.

<sup>2</sup> Includes 4 funds, which were qualified as SRI fund.

<sup>3</sup> Includes 16 applications seeking SRI qualification.

<sup>4</sup> Includes 1 application seeking SRI qualification.

## INVESTMENT PRODUCTS

### Structured warrants

There were 6 eligible issuers of structured warrants in 2021. The SC received and registered 6 base prospectuses and 13 supplementary prospectuses from these issuers in 2021 (Table 4).

There was an overall increase in the number of term sheets registered in 2021. A total of 1,470 term sheets for the offering of structured warrants were registered in 2021, representing an increase of 19% compared to the 1,235 term sheets registered in 2020.

Table 4 Structured warrants considered		
	2021	2020
No. of eligible issuers	6	6
Base prospectuses registered	6	6
Supplementary prospectuses registered	13	11
Term sheets registered	1,470	1,235

The number of structured warrants term sheets with foreign underlying expanded in 2021 with 312 term sheets registered, representing a significant increase of 105.26% (2020: 152 term sheets) (Figure 1). The year 2021 saw the introduction of structured warrants over the Hang Seng Tech Index and the Dow Jones Industrial Average Index providing investors with more portfolio diversity in investments. In 2021, there was a significant increase of 221% in the registration of term sheets of put warrants over shares from 19 in 2020 to 61 in 2021.

## Structured products

In 2021, a total of 14 issuers lodged 20 new structured product programmes with the SC under the LOLA Framework for unlisted capital market products. These programmes comprised a variety of underlying references and had an aggregate size of RM100 billion with each programme having a size limit of up to RM5 billion (Table 5).

Figure 1  
Overall status of structured warrants industry

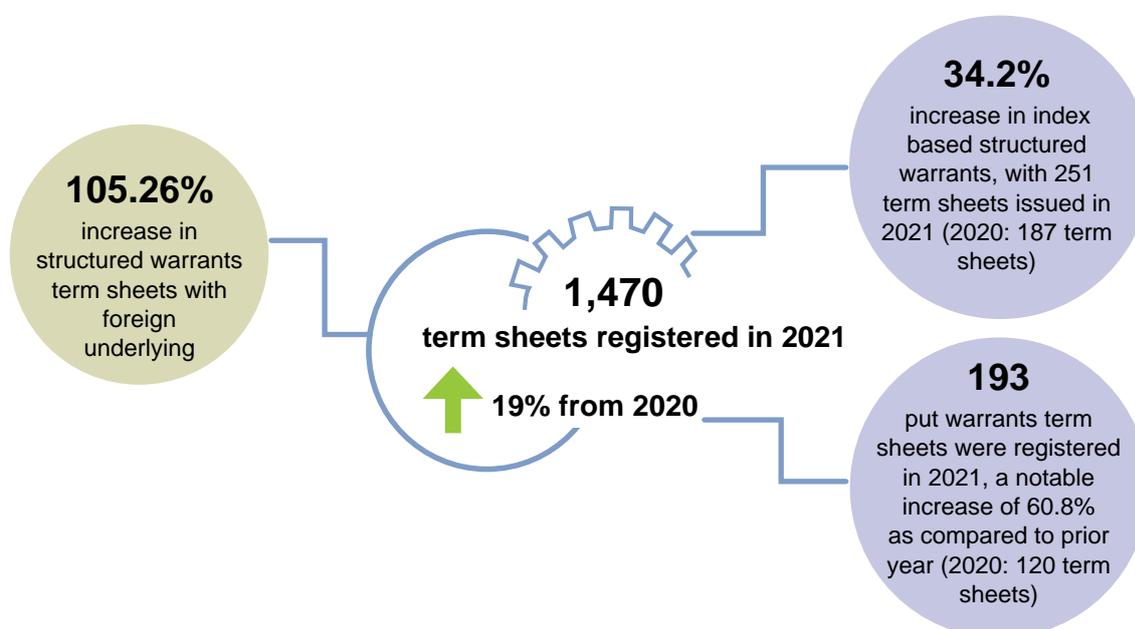


Table 05  
Structured product programmes

	2021		2020	
	No. of programmes	Size (RM billion)	No. of programmes	Size (RM billion)
<b>New programmes lodged</b>				
<b>Principle</b>				
– Conventional	17	85	18	90
– Islamic	3	15	-	-
<b>TOTAL</b>	<b>20</b>	<b>100</b>	<b>18</b>	<b>90</b>

## Structured product series

HNWIs continued to form the majority of investors accounting for 83% of investors in structured products in 2021, of which the balance of 17% of investors comprised HNWEs and accredited investors (Chart 9). Conventional structured products accounted for 99% of issuance in 2021 (Chart 10). There was a significant increase in the lodgement of a total of 164 structured product series under the LOLA Framework for the offering to sophisticated investors (2020: 112).

## Contracts for difference

To promote and develop the derivatives market, the SC introduced the *Guidelines on Contracts for Difference* (CFD Guidelines) on 6 April 2018. A CFD is a leveraged derivatives product that allows investors to participate in the price movement of an underlying instrument. Given the complexity of CFDs, the framework is implemented on a phased approach starting with sophisticated investors.

In 2021, there were 2 CFD providers offering CFD in Malaysia based on shares and indices.

Chart 9  
Breakdown by investor type

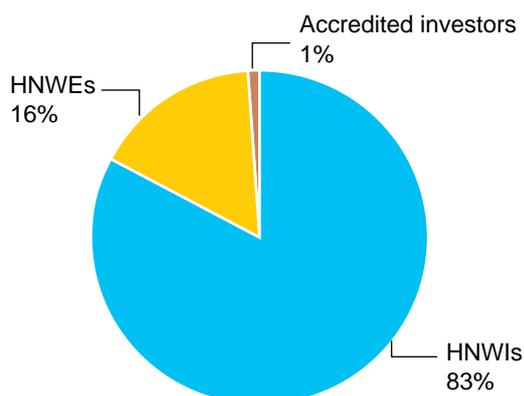
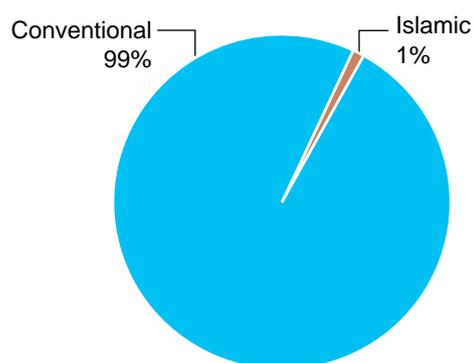


Chart 10  
Breakdown by principle



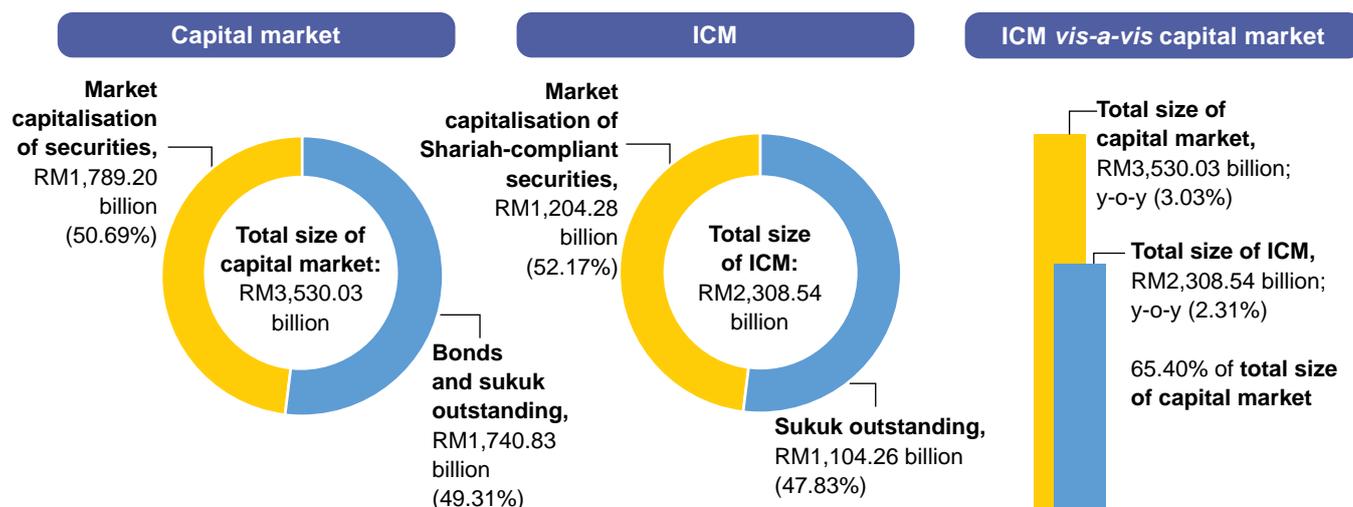
# ISLAMIC CAPITAL MARKET

The ICM remains a key component to the Malaysian capital market, contributing 65.40% to its total size. The size of the ICM increased to RM2,308.54 billion as at end 2021 from RM2,256.36 billion as at end

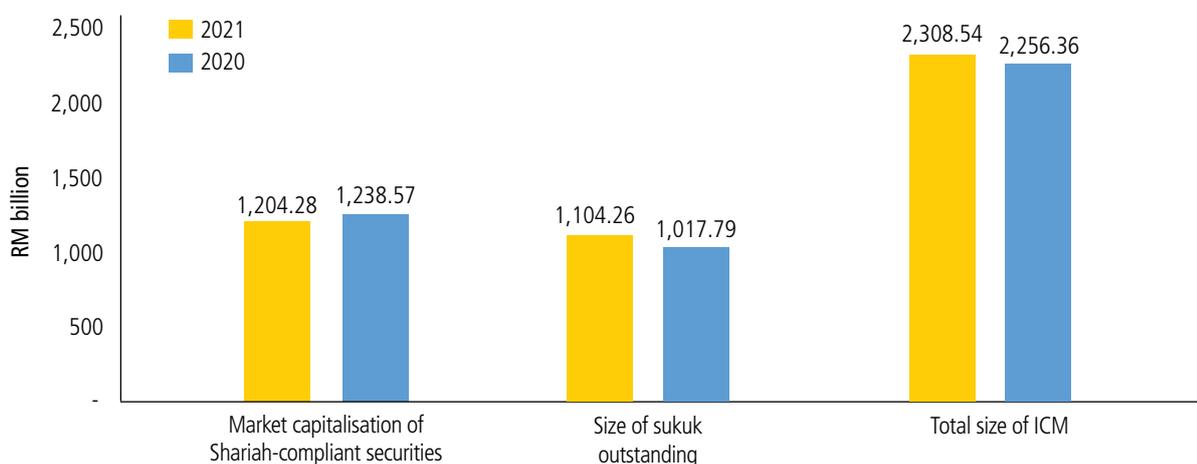
2020. This comprised a total market capitalisation of Shariah-compliant securities of RM1,204.28 billion and total sukuk outstanding amounting to RM1,104.26 billion (Chart 1 and Table 1).

Chart  
1

ICM as at December 2021



Size of ICM

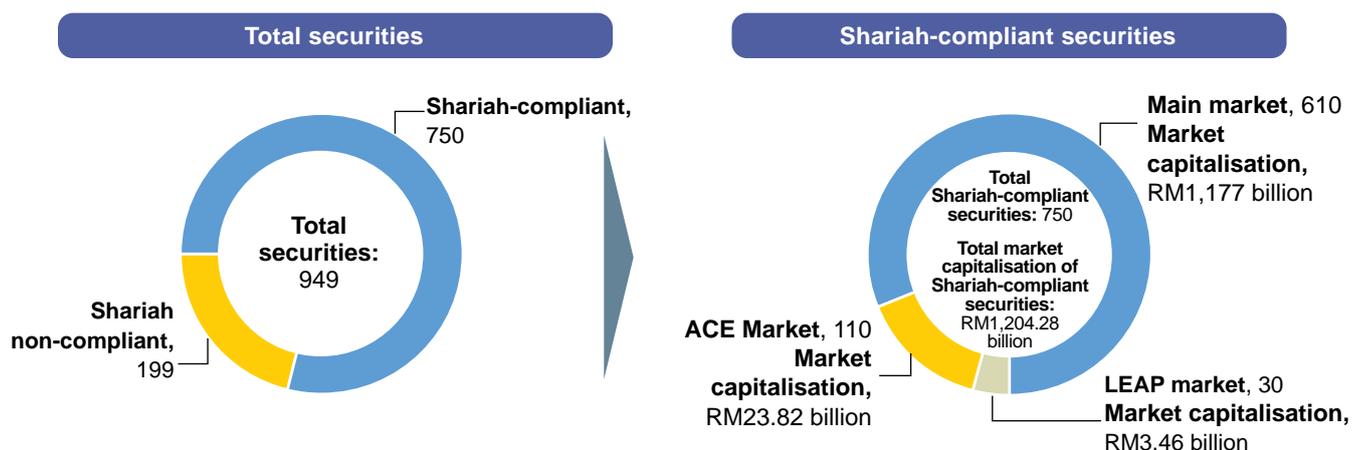


## SHARIAH-COMPLIANT SECURITIES

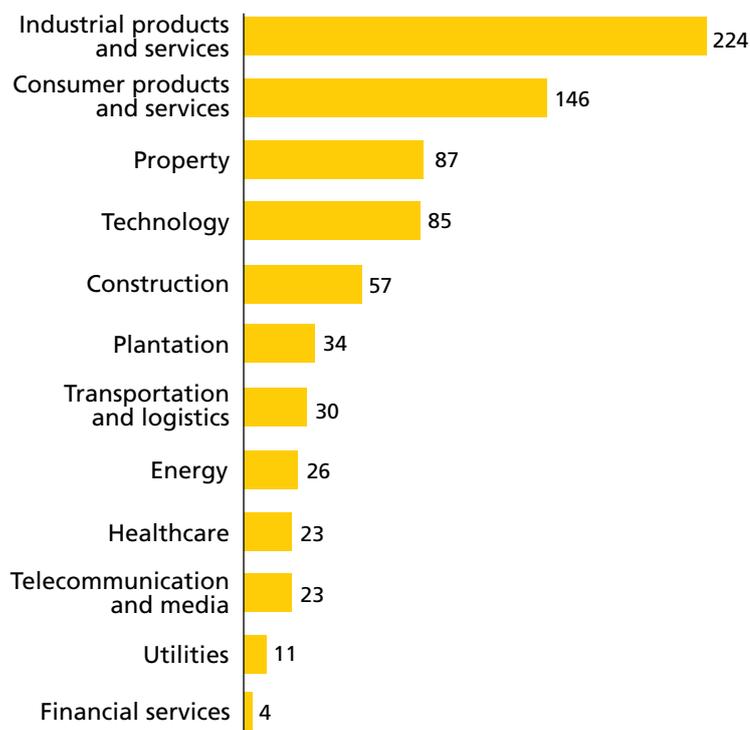
As at December 2021, Shariah-compliant securities increased to 750 from 742 as at end 2020, which constituted 79.03% of the 949 listed securities on

Bursa Malaysia. The market capitalisation of Shariah-compliant securities stood at RM1,204.28 billion or 67.31% of the total market capitalisation, a decrease of 2.77% as compared to end 2020 (Chart 2 and Table 2).

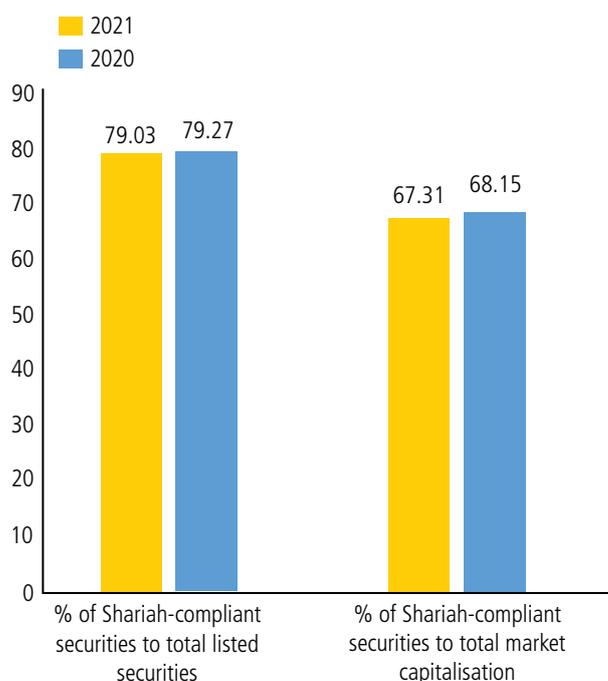
Chart 2 Shariah-compliant securities as at December 2021



Breakdown by sectors for Shariah-compliant securities



Percentage of number and market capitalisation of Shariah-compliant securities



## SUKUK

Corporate sukuk issuances represented 79.98% (2020: 73.61%) of total corporate bonds and sukuk issuances while corporate sukuk outstanding accounted for 81.42% (2020: 81.03%) of total corporate bonds and sukuk outstanding (Table 3).

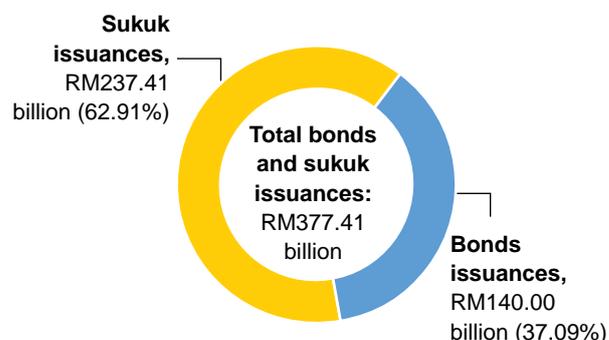
Total sukuk issuances in 2021 represented 62.91% (2020: 61.07%) of total bonds and sukuk issuances whereas total sukuk outstanding represented 63.43% (2020: 63.26%) of total bonds and sukuk outstanding (Chart 3 and Table 4).

Nine issuers issued SRI sukuk in 2021, bringing the total of SRI sukuk issuers to 21 since 2015. Corporate SRI sukuk issuance in 2021 amounted to RM2.81 billion, which was 3.07% of total corporate sukuk issuance, while corporate SRI sukuk outstanding grew to RM8.11 billion as at December 2021 from RM5.40 billion in 2020, constituting 1.29% of total corporate sukuk outstanding.

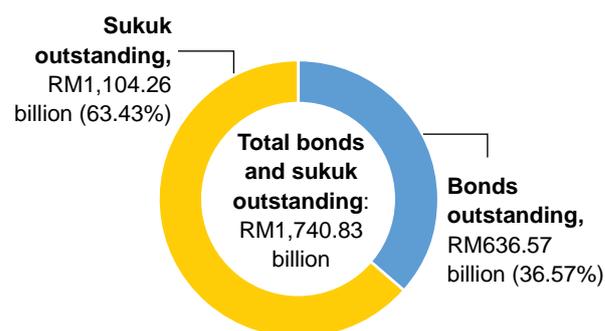
Chart  
3

### Sukuk as at December 2021

#### Sukuk issuances



#### Sukuk outstanding



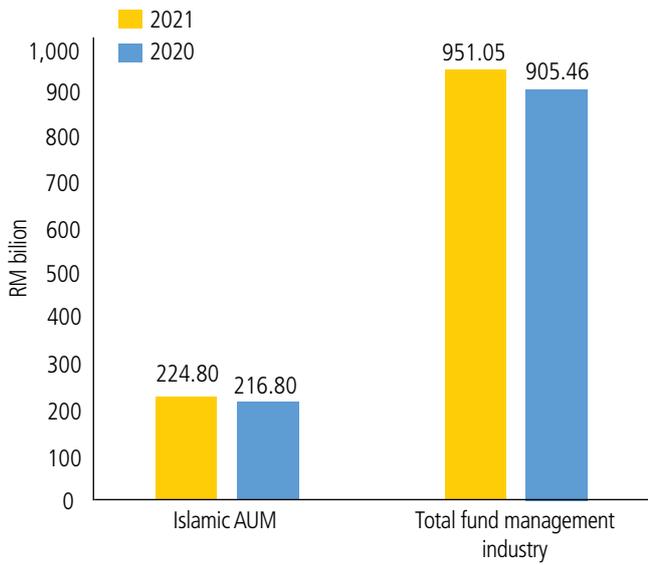
## ISLAMIC FUND MANAGEMENT

Islamic AUM as at December 2021 stood at RM224.80 billion, registering a 3.69% increase from RM216.80 billion as at end 2020 (Chart 4). The number of Islamic CIS (UTF, WF, PRS, REIT, and ETF) stood at 386 as at December 2021 including 16 Islamic SRI funds. There were 57 FMCs managing Islamic funds, with 24 full-fledged IFMCs and 33 FMCs offering Islamic windows as at December 2021.

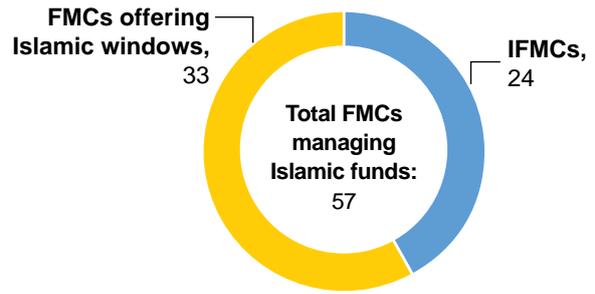
Chart 4

Islamic fund management as at December 2021

Islamic fund management industry



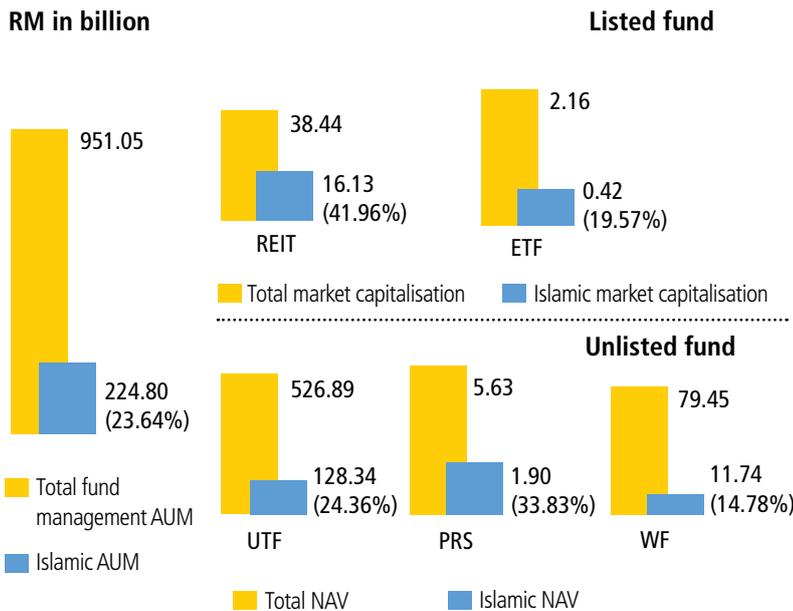
FMCs managing Islamic funds



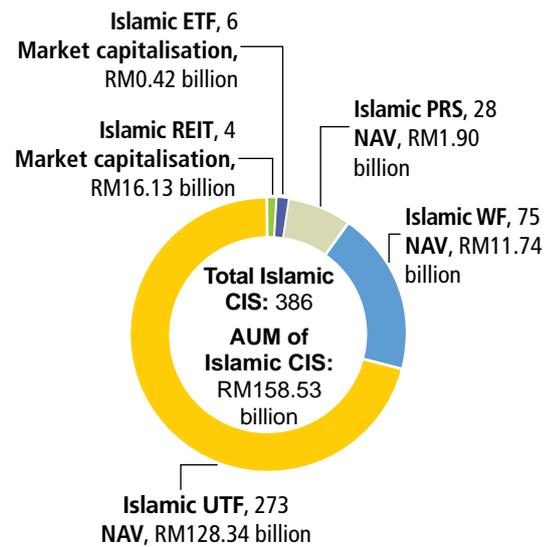
Islamic AUM as at December 2021: RM224.80 billion

Note: AUM is sourced from CIS and private mandates.

Fund management industry



Islamic CIS



## KEY STATISTICS

Table  
1 Size of ICM

	2021 RM billion	2020 RM billion
Market capitalisation of Shariah-compliant securities	1,204.28	1,238.57
Size of sukuk outstanding	1,104.26	1,017.79
Total size of ICM	2,308.54	2,256.36
% ICM to total capital market	65.40%	65.86%

Table  
2 Shariah-compliant securities

	2021	2020
<b>Number of securities:</b>		
Shariah-compliant securities	750	742
Total listed securities	949	936
% of Shariah-compliant securities to total listed securities	79.03%	79.27%
<b>Market capitalisation (RM billion):</b>		
Shariah-compliant securities	1,204.28	1,238.57
Total market capitalisation	1,789.20	1,817.29
% of Shariah-compliant securities to total market capitalisation	67.31%	68.15%

Table  
3 Corporate sukuk

	2021	2020
<b>Total issuance (RM billion)</b>		
Sukuk issuance	91.40	76.98
Total corporate bonds and sukuk issuances	114.28	104.58
% of sukuk to total corporate bonds and sukuk issuances	79.98%	73.61%
<b>Total outstanding (RM billion)</b>		
Sukuk outstanding	629.27	593.43
Total corporate bonds and sukuk outstanding	772.84	732.39
% of sukuk to total corporate bonds and sukuk outstanding	81.42%	81.03%

**Table 4**  
**Total sukuk**

	2021	2020
<b>Total issuance (RM billion)</b>		
Sukuk issuance	237.41	223.94
Total bonds and sukuk issuance	377.41	366.67
% of sukuk to total bonds and sukuk issuances	62.91%	61.07%
<b>Total outstanding (RM billion)</b>		
Sukuk outstanding	1,104.26	1,017.79
Total bonds and sukuk outstanding	1,740.83	1,609.01
% of sukuk to total bonds and sukuk outstanding	63.43%	63.26%

**Table 5**  
**Islamic AUM**

	2021	2020
Islamic AUM (RM billion)	224.80	216.80
Total fund management industry (RM billion)	951.05	905.46
% Islamic AUM to total fund management industry	23.64%	23.94%

**Table 6**  
**Islamic UTF**

	2021	2020
Islamic UTF	273	240
Total industry	740	696
NAV of Islamic UTF (RM billion)	128.34	128.53
NAV of total industry (RM billion)	526.89	519.53
% NAV of Islamic UTF to total industry	24.36%	24.74%

**Table 7**  
**Islamic WF**

	2021	2020
Islamic WF	75	60
Total industry	414	357
NAV of Islamic WF (RM billion)	11.74	11.55
NAV of total industry (RM billion)	79.45	67.65
% NAV of Islamic WF to total industry	14.78%	17.07%

Table  
8 Islamic PRS funds

	2021	2020
Islamic PRS	28	26
Total industry	59	57
NAV of Islamic PRS (RM billion)	1.90	1.53
NAV of total industry (RM billion)	5.63	4.75
% NAV of Islamic PRS to total industry	33.83%	32.21%

Table  
9 Islamic REIT

	2021	2020
Islamic REIT	4	4
Total industry	18	18
Market capitalisation of Islamic REIT (RM billion)	16.13	16.99
Market capitalisation of total industry (RM billion)	38.44	39.34
% market capitalisation of Islamic REIT to total industry	41.96%	43.19%

Table  
10 Islamic ETF

	2021	2020
Islamic ETF	6	6
Total industry	19	19
Market capitalisation of Islamic ETF (RM billion)	0.42	0.55
Market capitalisation of total industry (RM billion)	2.16	2.23
% market capitalisation of Islamic ETF to total industry	19.57%	24.66%

Table  
11 Registered Shariah advisers

	2021	2020
Individual	62	55
Corporation	19	18
Total Shariah advisers	81	73

# VENTURE CAPITAL AND PRIVATE EQUITY

The total number of registered corporations stood at 124 as at 31 December 2021 (Table 1). The venture capital segment accounted for 105 registered corporations (venture capital management corporation (VCMC) and venture capital corporation (VCC), while the private equity segment consisted of 19 registered corporations (private equity management corporation (PEMC) and private equity corporation (PEC).

As at end 2021, the number of professionals employed by the industry with at least 4 years experience stood at 344.

Total committed funds in the industry as at the end of 2021 stood at RM9.65 billion and RM5.18 billion for private equity and venture capital respectively (Table 2), with a combined total of RM14.83 billion. For private equity, commitments are sourced largely from corporate investors (28.56%), individuals and family offices (19.12%), and financial institutions (11.89%) (Chart 1).

Source of funds	2021	2020
Number of registered corporations	124	127
Number of registered VCMCs and VCCs	105	106
Number of registered PEMCs and PECs	19	21
Number of VC and PE professionals <sup>1</sup>	344	175

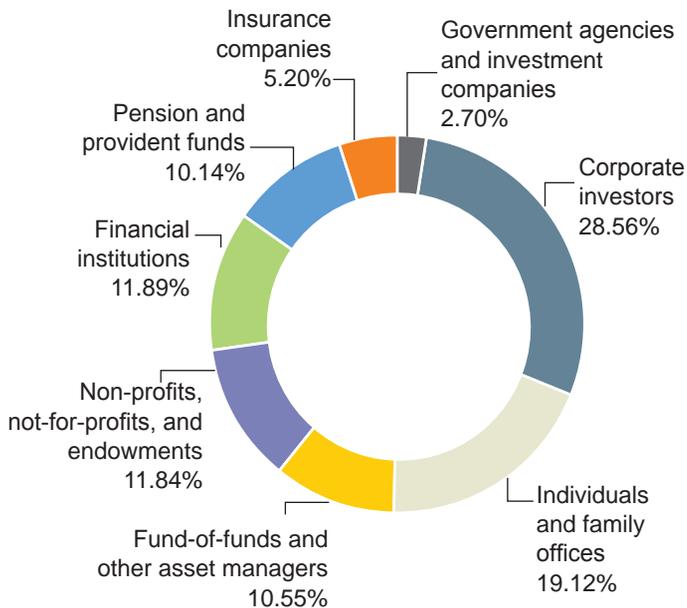
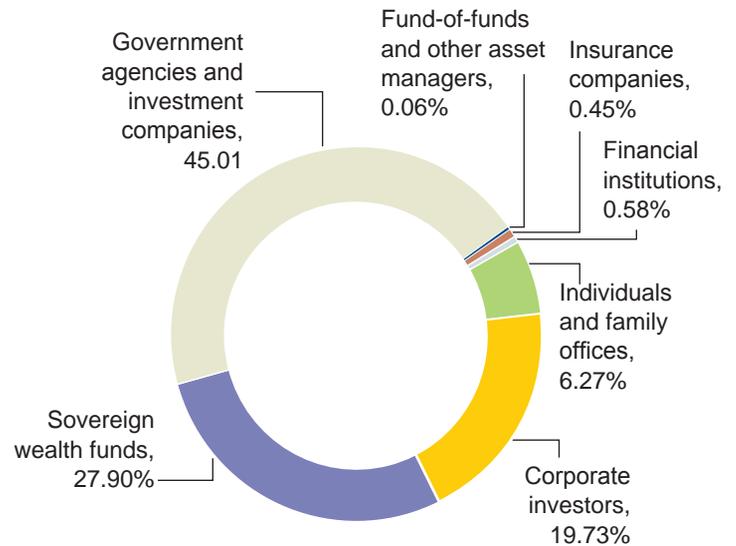
Note:

<sup>1</sup> Professionals with more than 4 years of experience.

	2021		2020	
	Private equity	Venture capital	Private equity	Venture capital
Total committed funds under management [1]	9,648.42	5,183.50	7,385.73	4,314.34
Total drawn capital [2]	6,884.29	3,870.73	5,874.77	3,187.31
Estimated capital available for investment [3]=[1]-[2]	3,495.88	1,312.77	1,510.96	1,127.03
Total no. of investee companies	41	211	31	311

Note:

The statistics are reported on self-reported figures by registered VC/PE firms. Y-o-y movements may vary.

Chart  
1**Sources of funds, private equity  
(2021: RM9.65 billion)**Chart  
2**Sources of funds, venture capital  
(2021: RM5.18 billion)**

Note:

**Government agencies and investment companies:** Includes ministerial investment companies (e.g. Minister of Finance (Incorporated), government agencies, statutory bodies, and government-linked investment companies established for the purpose of managing investments of public funds (e.g. PNB, Ekuinas).

For venture capital, government agencies and investment companies (45.01%), sovereign wealth funds (27.90%) and corporate investors (19.73%) make up the top 3 sources of funding (Chart 2).

The top 3 registered corporations by amount of investor commitments as at end 2021 were Creador, Xeraya Capital, and MAVCAP.

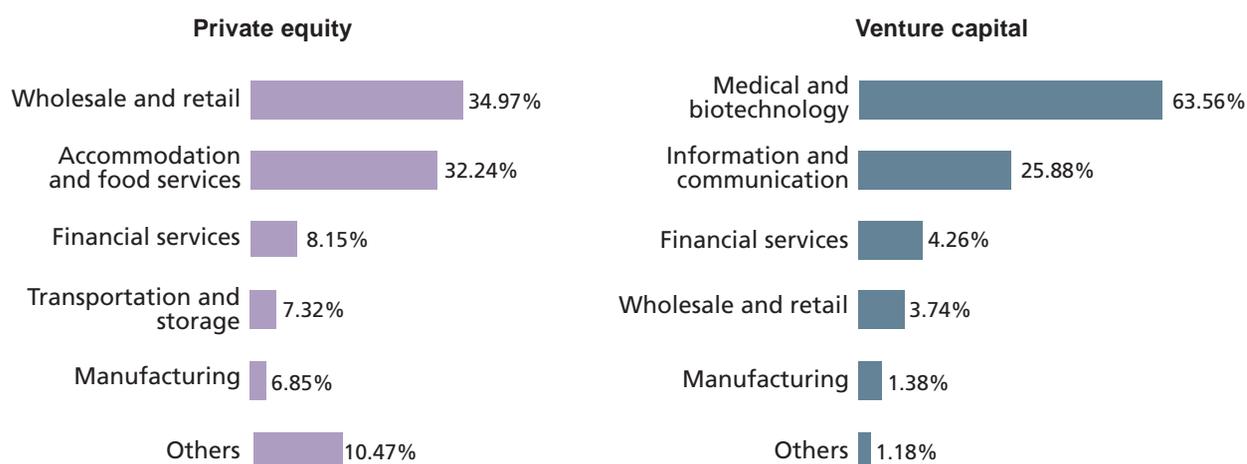
VC investments in 2021 concentrated on early stage (51.26%), followed by seed (20.46%) and growth (17.88%) opportunities. PE investments were primarily channeled into growth plays (87.14%), with some investments made to early stage opportunities (12.03%). In total, 36 VC and 29 PE deals were recorded in 2021 (Table 3).

Table 3 Investments during 2021			
Business stage	New investments (RM '000)	% of segment	No. of companies
<b>Venture capital</b>			
Seed	29,572.37	20.46%	12
Start-up	9,841.18	6.81%	6
Early stage	74,076.41	51.26%	7
Growth	25,845.49	17.88%	10
Bridge/Mezzanine/Pre-IPO	5,181.81	3.59%	1
<b>Private equity</b>			
Early stage	110,476.19	12.03%	4
Growth	799,946.80	87.14%	24
Bridge/Mezzanine/Pre-IPO	7,615.15	0.83%	1
<b>Total</b>	<b>1,062,555.39</b>	<b>100.00%</b>	<b>65</b>
<i>Venture capital</i>	<i>144,517.25</i>	<i>13.60%</i>	<i>36</i>
<i>Private equity</i>	<i>918,038.14</i>	<i>86.40%</i>	<i>29</i>

In terms of target industries, medical and biotechnology (63.56%) saw the highest share of VC investment in 2021, followed by information and communication (25.88%), and financial services (4.26%).

As for PE, investments were largely channeled to wholesale and retail trade (34.97%) in 2021, followed by accommodation and food services (32.24%), and financial services (8.15%) (Chart 3).

Chart 3 Investments during year, top 5 target industries



Divestments in 2021 were mainly exits in the growth stage. Trade sales were a common exit route for VCs while secondary sales to investors or other managers were major liquidity routes for PE (Table 4).

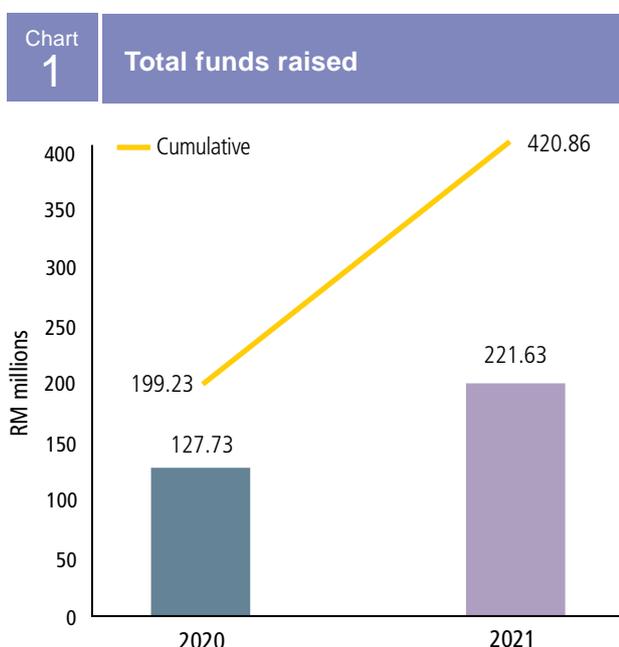
Table 4 Divestments during 2021			
Business stage	Divestments (RM '000)	% of segment	No. of companies
<b>Venture capital</b>			
Seed	28,434.41	11.63%	6
Start-up	24,507.67	10.02%	4
Early stage	6,110.79	2.50%	5
Growth	141,314.89	57.79%	8
Bridge/Mezzanine/Pre-IPO	43,599.93	17.83%	1
Turnaround/Restructuring	554.28	0.23%	2
<b>Private equity</b>			
Early stage	27,742.50	3.53%	1
Growth	755,924.43	96.22%	22
Bridge/Mezzanine/Pre-IPO	1,960.42	0.25%	1
<b>Total</b>	<b>1,030,149.32</b>	<b>100.00%</b>	<b>50</b>
<i>Venture capital</i>	<i>244,521.96</i>	<i>23.74%</i>	<i>26</i>
<i>Private equity</i>	<i>785,627.35</i>	<i>76.26%</i>	<i>24</i>

Note:  
Figures measured at cost.

# EQUITY CROWDFUNDING

## EQUITY CROWDFUNDING<sup>1</sup>

Since its inception, the total funds raised via ECF stood at RM420.86 million. In 2021, the total funds raised increased to RM221.63 million from RM127.73 million in 2020.



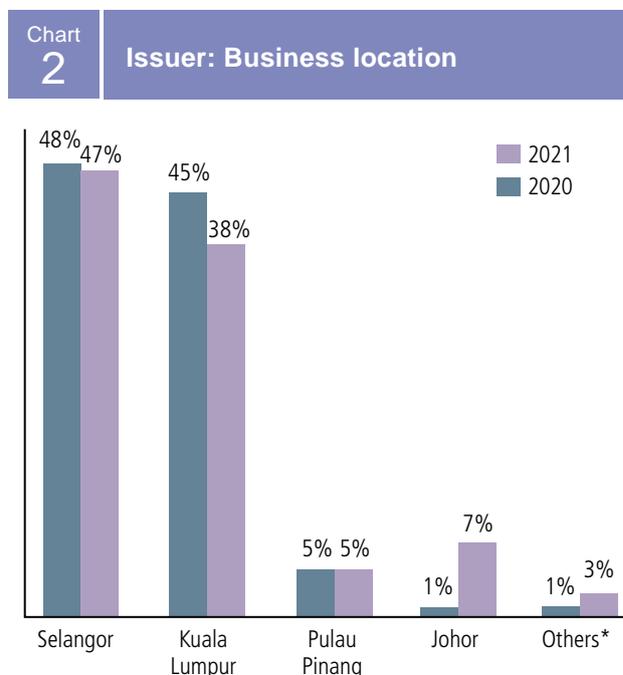
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104 issuers have successfully fundraised via 104 campaigns in 2021. The total number of issuers increased by 33% in 2021 from 2020.

**Table 1** Issuers and campaigns

	2021	2020
Number of issuers	104	78
Number of campaigns	104	80

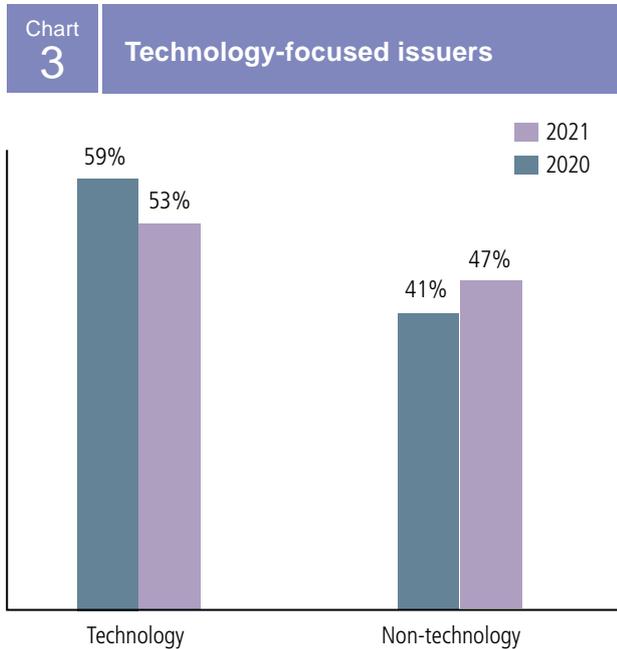
The majority of issuers in 2021 were based in Selangor and Kuala Lumpur.



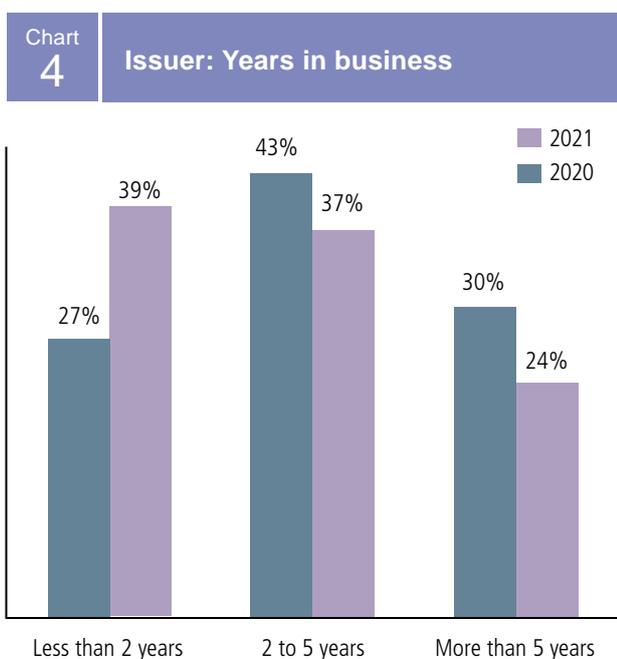
\* Others include Pahang, Perak, and Negeri Sembilan.

<sup>1</sup> Previously reported statistics have been adjusted according to the RMOs' latest reported numbers.

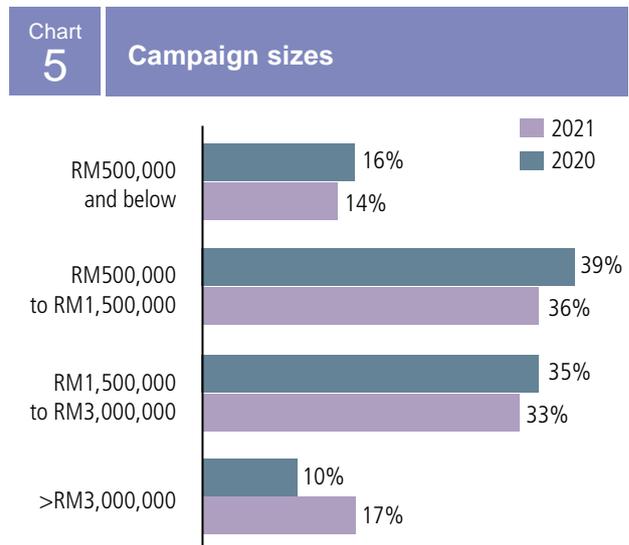
53% of issuers in 2021 were technology-focused companies.



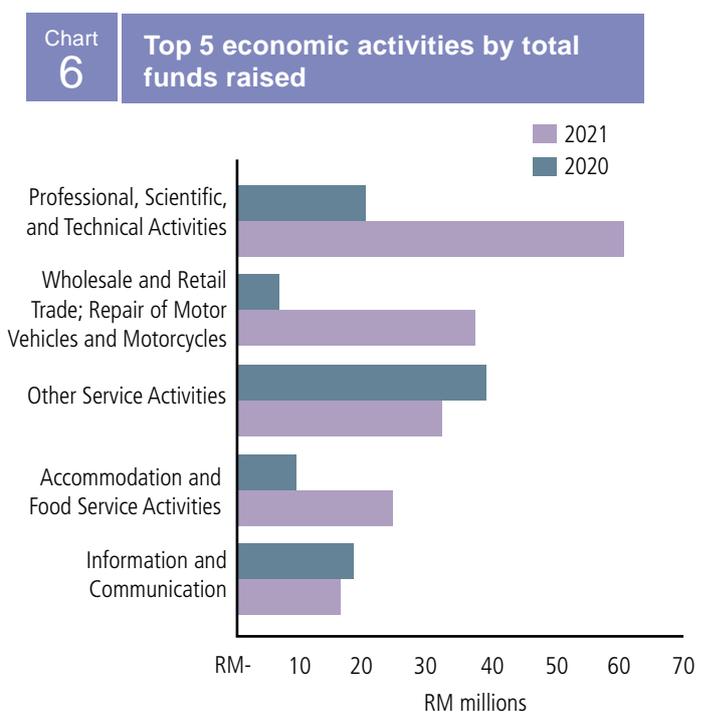
The majority of issuers in 2021 have established their businesses for 5 years or less, with more issuers in 2021 having business operations of less than 2 years compared to 2020.



Campaign sizes in 2021 continued to be of larger fundraising amounts, with 86% of the campaigns raising beyond the RM500,000 mark. The highest amount of funds raised in 2021 by a single campaign stood at RM18.89 million.



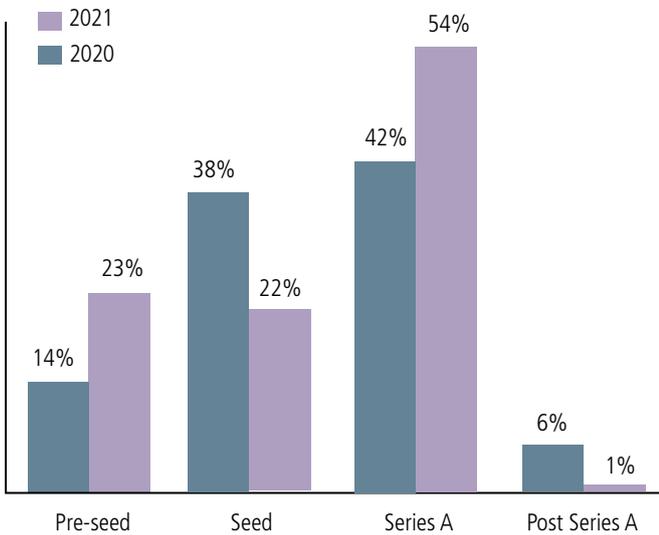
The 'Professional, Scientific, and Technical Activities' sector received the most funds in 2021 with RM60.25 million.



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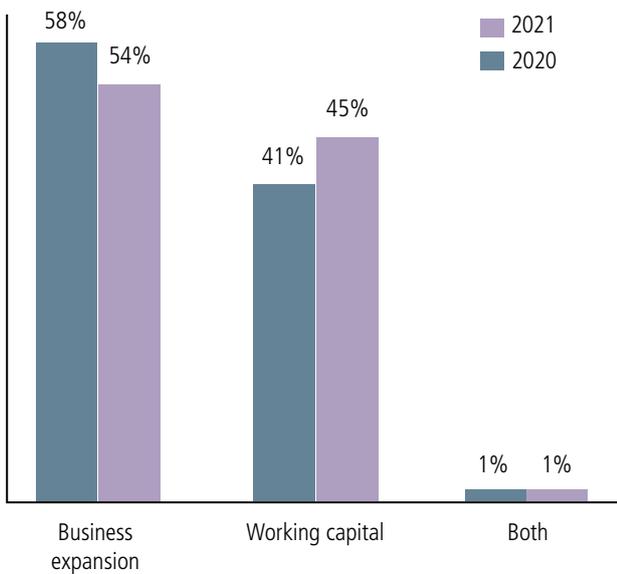
54% of campaigns in 2021 fundraised for Series A.

**Chart 7** Fundraising stages



The main purpose for fundraising in 2021 was for business expansion.

**Chart 8** Fundraising purposes



Since ECF was first introduced, the total number of participating investors surpassed the 11,000 mark. For a year-on-year comparison, investor participation increased from more than 3,000 in 2020 to more than 5,000 in 2021.

**Chart 9** Investor participation

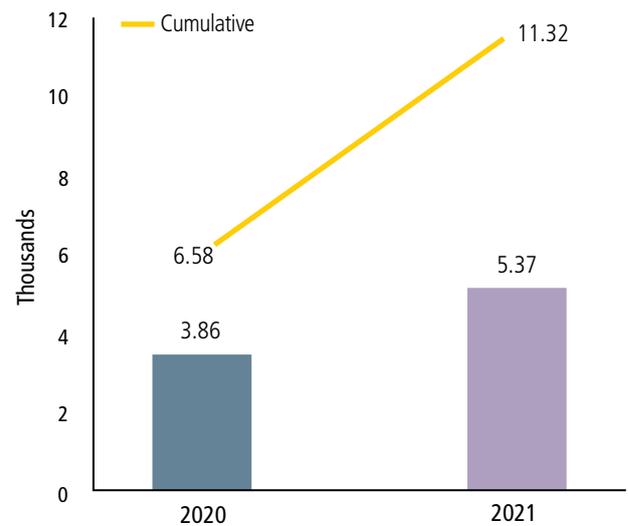


Table  
2

## Investor demographics

		2021	2020
Nationality	Malaysian	96%	95%
	Foreign	4%	5%
Gender	Female	38%	33%
	Male	62%	67%
Age	Below 35	47%	44%
	35 to 45	33%	33%
	>45 to 55	13%	15%
	Above 55	7%	8%
Type	Retail	57%	65%
	Angel	24%	24%
	Sophisticated – HNWI	17%	8%
	Sophisticated – HNWE and Accredited	2%	3%



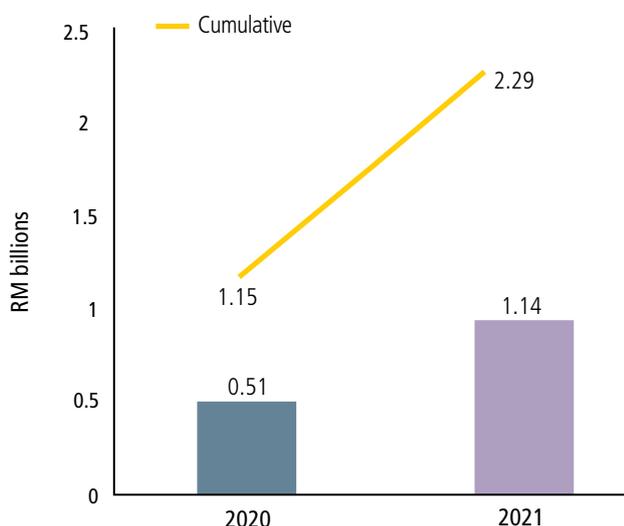
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# PEER-TO-PEER FINANCING

## PEER-TO-PEER FINANCING<sup>1</sup>

Since its inception, the total funds raised via P2P financing stood at RM2.29 billion. In 2021, the total funds raised reached RM1.14 billion, more than twice the amount of funds raised in 2020.

**Chart 1** Total funds raised



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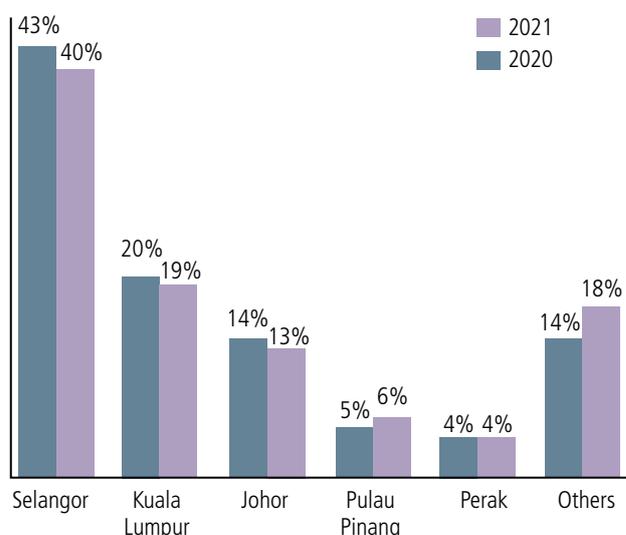
A total of 1,988 issuers fundraised in 2021 - an increase by 49% from 2020. The fundraising was successfully carried out via 14,301 campaigns.

**Table 1** Issuers and campaigns

	2021	2020
Number of issuers	1,988	1,338
Number of campaigns	14,301	7,932

The majority of issuers in 2021 were based in Selangor and Kuala Lumpur.

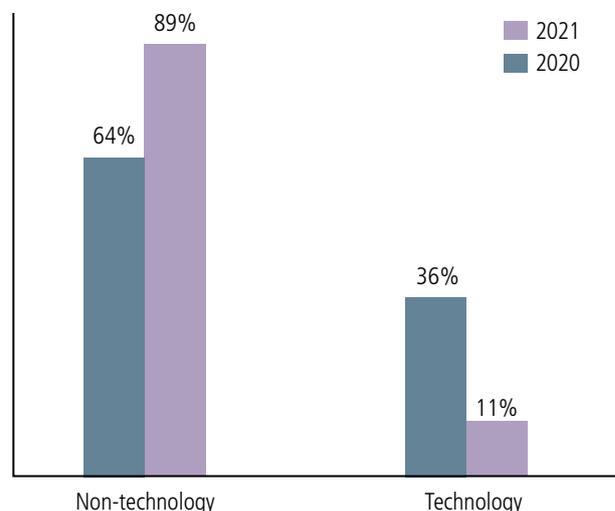
**Chart 2** Issuer: Business location



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Technology-focused issuers decreased to 11% in 2021 from 36% in 2020.

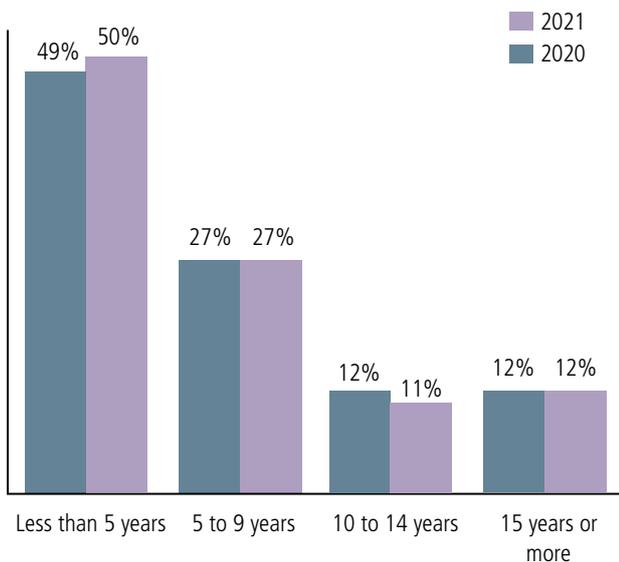
**Chart 3** Technology-focused issuers



<sup>1</sup> Previously reported statistics have been adjusted according to the RMOs' latest reported numbers.

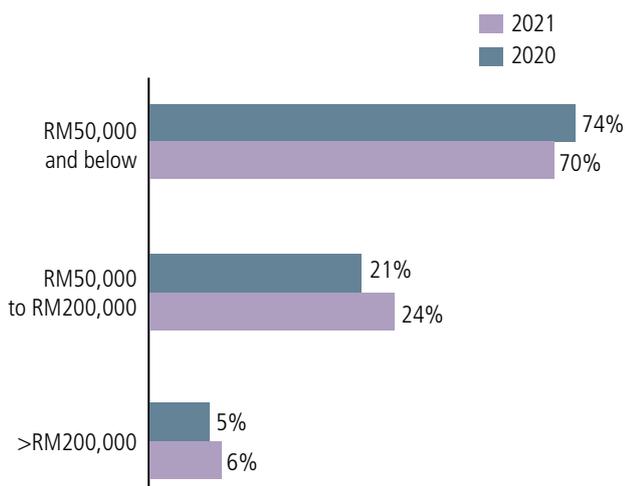
Half of total issuers in 2021 have been in operation for less than 5 years.

Chart 4 Issuer: Years in business



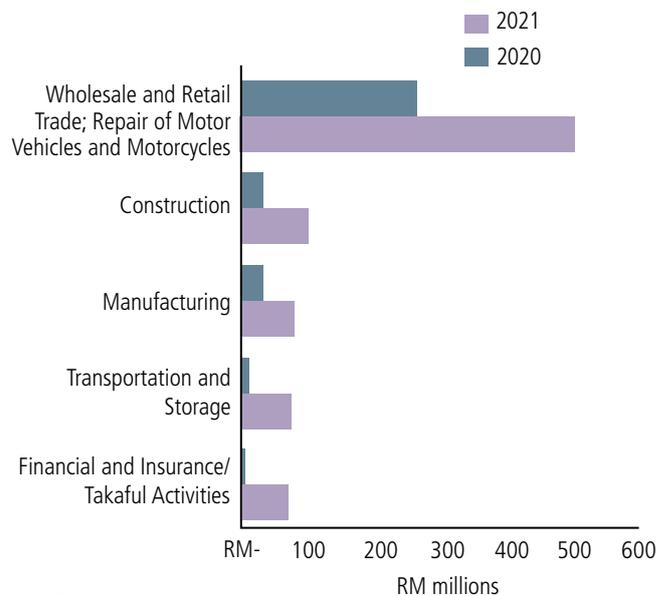
Campaign sizes in 2021 continued to be of smaller fundraising amounts, with 70% of campaigns raising RM50,000 and below.

Chart 5 Campaign sizes



The 'Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles' sector remained the largest sector served in 2021 with RM514.41 million.

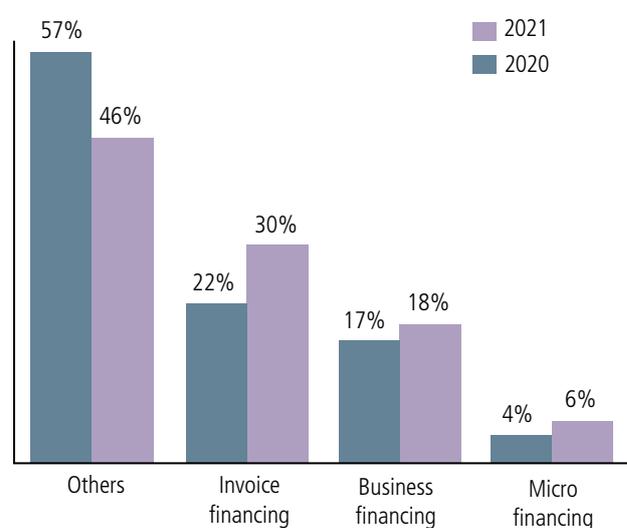
Chart 6 Top 5 economic activities by total funds raised



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A total of 54% of investment notes in 2021 were issued for invoice, business, and micro financing. Other types of financing included distinct product offerings from various RMOs<sup>2</sup>.

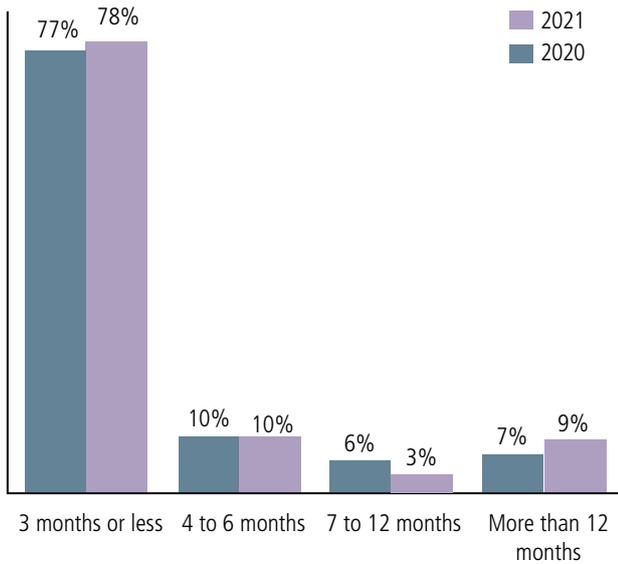
Chart 7 Financing types



<sup>2</sup> Other financing types include: AP Financing, Auto Dealer Program-MUV, Business Credit Line, Dealer Financing, E-commerce, Guaranteed Settlement Financing, Insurance Premium Financing, Short-Term Financing-NAS, Short-Term Financing-UA, and Working Capital Financing.

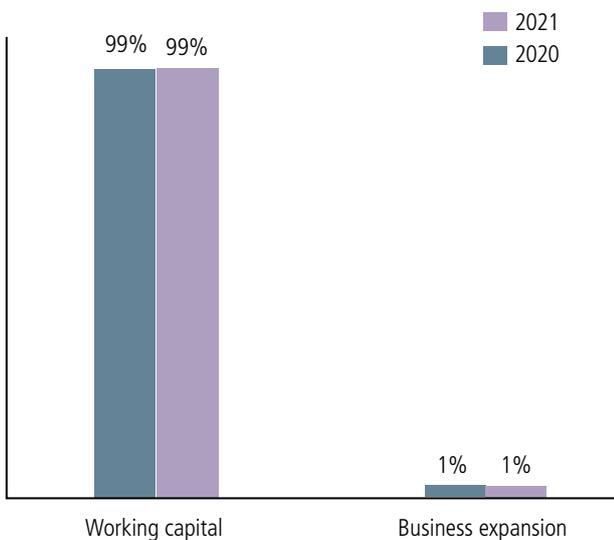
The majority of the campaigns continued to trend towards shorter-term financing in 2021, with tenures of 3 months or less.

**Chart 8** Tenure types



The purpose of fundraising in 2021 continued to be predominantly for working capital.

**Chart 9** Fundraising purposes



Since P2P financing was first introduced, the total number of participating investors surpassed 28,000. For a year-on-year comparison, investor participation decreased from more than 16,000 in 2020 to more than 15,000 in 2021.

**Chart 10** Investor participation

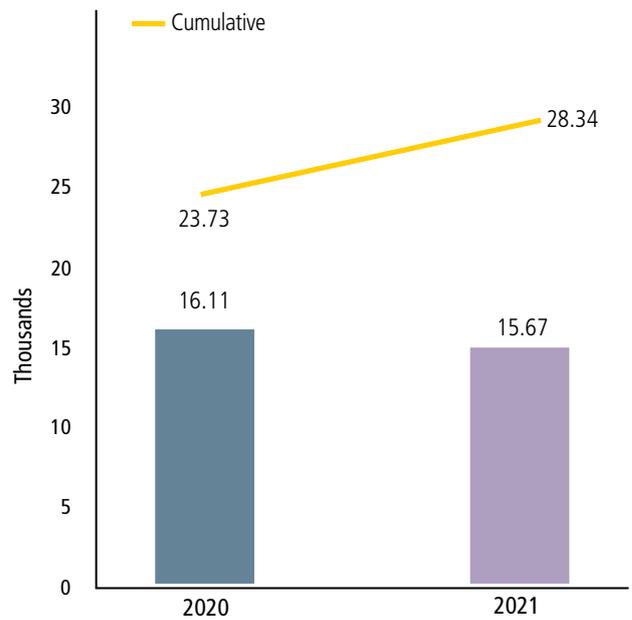


Table 2		Investor demographics	
		2021	2020
Nationality	Malaysian	98%	98%
	Foreign	2%	2%
Gender	Female	28%	28%
	Male	72%	72%
Age	Below 35	54%	61%
	35 to 45	28%	25%
	>45 to 55	12%	9%
	Above 55	6%	5%
Type	Retail	90%	87%
	Angel	5%	12%
	Sophisticated – HNWI	4%	1%
	Sophisticated – HNWE and Accredited	1%	<1%



[View and download the complete data](#)

# AUTHORISATION AND LICENSING

## LICENSING AND REGISTRATION

The total number of Capital Markets Services Licence (CMSL) holders, including individual licensees for financial planning or investment advice, was 241 compared to 238 in 2020. There were 7 new licences issued and 4 cessations, which resulted in a net increase of 3 CMSLs in 2021.

The 7 new licences issued were for the following regulated activities:

- Fund management (4 companies);
- Advising on corporate finance (1 company);
- Investment advice (1 company); and
- Financial planning (1 company).

There had been continued interest in the fund management and advisory space especially in the boutique fund management segment.

There were 4 cessations in 2021 mainly due to shift of business focus, enhancement to shareholding structure,

business realignment, and resource planning. In 2021, a total of 3 CMSL holders had applied to vary their licences to include at least 1 regulated activity to their existing CMSL.

As of 31 December 2021, the number of Capital Markets Services Representative's Licence (CMSRL) holders totalled 10,273, a marginal increase of 5% from the previous year (2020: 9,734). In 2021, the SC approved 1,214 new CMSRLs to undertake various regulated activities.

There was a significant increase of registered marketing representatives<sup>1</sup> from 464 as at December 2020 to 1,438 as at December 2021. The number of registered trading representatives<sup>2</sup> increased to 122 from 107 in 2020. The number of employees of registered persons<sup>3</sup> increased marginally to 5,489 from 5,068 in 2020.

In 2021, the SC also approved 4 new registrations for the venture capital industry, comprising 1 VCC and 3 VCMCs.

<sup>1</sup> Marketing representative means a person who acts as an introducer for a principal, undertakes marketing of the services, provides client support services, and is registered with the principal under the *Guidelines for Marketing Representative*.

<sup>2</sup> Trading representative means a person who executes securities trades for a participating organisation, and is registered with the SC under section 76 of the CMSA.

<sup>3</sup> Registered person means a person registered under Part 1 of Schedule 4 pursuant to section 76(1)(a) of the CMSA..

Table  
1 Number of CMSL holders

As at 31 December 2021, there were 241 CMSL holders carrying out various regulated activities as defined under Schedule 2 of the CMSA. The entities involved are as follows:

By core activity	2021	2020
Dealing in securities <sup>1</sup>	37	36
Dealing in derivatives	7	7
Fund management	103	100
Advising on corporate finance	40	41
Investment advice	17	16
Investment advice (individual)	1	1
Financial planning	34	35
Financial planning (individual)	2	2
<b>TOTAL</b>	<b>241</b>	<b>238</b>

Note:

<sup>1</sup> Includes 5 CMSLs for dealing in securities restricted to unit trusts and 1 CMSL for dealing in securities restricted to listed securities.

By regulated activity	2021	2020
<b>Dealing in securities</b>		
Investment banks	10	10
Universal brokers	1	1
1+1 stockbroking companies	12	12
Special scheme foreign stockbroking companies	7	7
Others	1	-
	<b>31</b>	<b>30</b>
<b>Dealing in derivatives</b>		
Investment banks	5	5
1+1 stockbroking companies	3	3
Special scheme foreign stockbroking companies	2	2
Others	7	7
	<b>17</b>	<b>17</b>

By regulated activity	2021	2020
<b>Clearing</b>		
Investment banks	5	5
1+1 stockbroking companies	3	3
Special scheme foreign stockbroking companies	2	2
Others	6	6
	<b>16</b>	<b>16</b>
<b>Fund management</b>		
<i>Portfolio management</i>		
Investment banks	2	1
Unit trust management companies	24	24
Special scheme foreign fund managers	5	5
Islamic fund managers	24	23
Boutique fund managers	8	5
Digital investment managers <sup>2</sup>	8	7
Others	20	20
<i>Asset management</i>		
Real estate investment trusts	18	18
	<b>106<sup>3</sup></b>	<b>101<sup>3</sup></b>
<b>Advising on corporate finance</b>		
Investment banks	10	10
1+1 stockbroking companies	7	7
Special scheme foreign stockbroking companies	5	5
Others/standalone/boutique corporate finance companies	41	42
	<b>63</b>	<b>64</b>

Notes:

<sup>2</sup> Includes 3 CMSL holders that fall under other categories, namely Kenanga Investment Bank Bhd (under investment banks), UOB Asset Management (Malaysia) Bhd (under unit trust management companies), and Wahed Technologies Sdn Bhd (under Islamic fund managers).

<sup>3</sup> Unique count excluding duplicates. CMSL holders under multiple categories are counted once.

By regulated activity	2021	2020
<b>Investment advice</b>		
Investment banks	9	9
1+1 stockbroking companies	8	8
Special scheme foreign stockbroking companies	7	7
Unit trust management companies	3	3
Others/standalone/boutique investment advice companies	25	23
	<b>52</b>	<b>50</b>
<b>Financial planning</b>		
1+1 stockbroking companies	1	1
Unit trust management companies	5	5
Corporate unit trust advisers	19	18
Others/standalone/boutique financial planning companies	19	20
	<b>44</b>	<b>44</b>
<b>Dealing in securities restricted to unit trusts</b>		
Unit trust management companies	29	29
Islamic fund managers	10	10
Special scheme foreign fund managers	1	1
Corporate unit trust advisers	19	18
Others	1	1
	<b>60</b>	<b>59</b>
<b>Dealing in securities restricted to listed securities</b>		
Others	1	1
	<b>1</b>	<b>1</b>
<b>Dealing in securities restricted to OTC bonds</b>		
Others	-	1
	<b>-</b>	<b>1</b>
<b>Dealing in PRS</b>		
Investment banks	1	1
1+1 stockbroking companies	1	1
Unit trust management companies	9	9
Corporate PRS advisers	18	18
Others	3	2
	<b>32</b>	<b>31</b>
<b>GRAND TOTAL</b>	<b>422</b>	<b>414</b>

Table  
2

Number of CMSRL holders

By core activity	2021	2020
Dealing in securities	6,667	6,320
Dealing in derivatives	448	450
Fund management	822	807
Advising on corporate finance	719	756
Investment advice	292	285
Financial planning	1,325	1,116
<b>Grand total</b>	<b>10,273</b>	<b>9,734</b>

Table  
3

Application for new company licences

Regulated activity	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Issued	-	-	-	-	4	5	1	1	1	1	1	3

Table  
4

Application for new representative's licences

Regulated activity	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Issued	626	275	42	36	100	64	105	59	50	31	291	214
Withdrawn*	32	16	3	-	9	10	6	2	3	2	25	45
Returned*	322	202	31	19	158	117	77	33	38	15	243	214

\* By regulated activity.

Table  
5 Cessation of company/individual licences

Regulated activity	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning		Financial planning (Individual)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Ceased	-	-	-	-	-	2	2	2	-	-	2	1	-	-
Revoked	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Suspended	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table  
6 Cessation of representative's licences

Regulated activity	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Ceased*	365	338	52	69	84	76	138	68	45	49	76	66
Revoked	-	-	-	-	-	-	-	-	-	-	-	-
Suspended	-	-	-	-	-	-	-	-	-	-	-	-

\* By regulated activity.

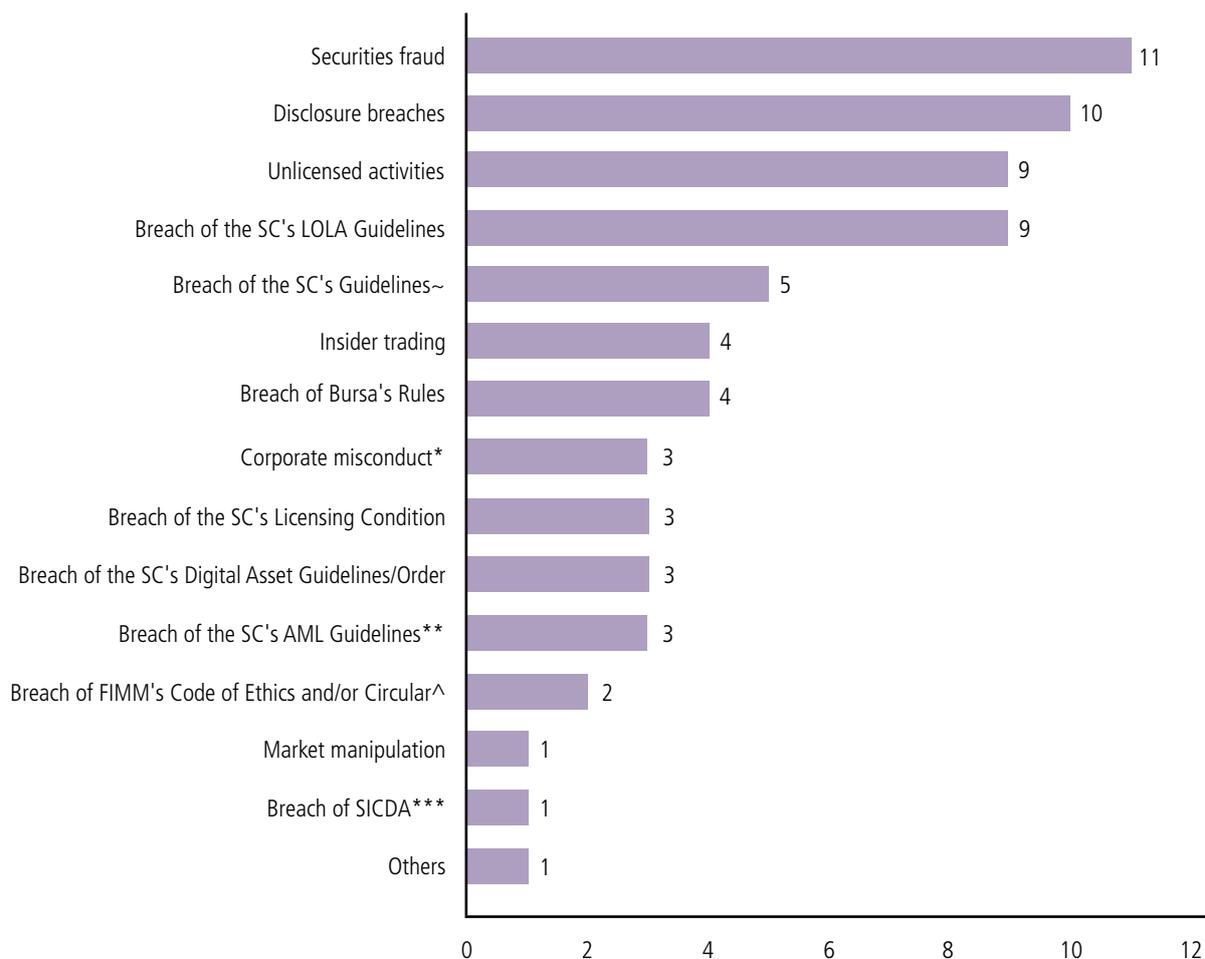
# ENFORCEMENT

In 2021, the SC reviewed various securities law breaches for the purpose of enforcement action arising from its active surveillance, supervision, and complaints received.

More than 40% of the cases reviewed for enforcement action relates to securities fraud, disclosure breaches, and unlicensed activities, in line with the SC's enforcement priorities (Chart 1).

Chart  
1

Total referral by nature of offence



Note:

~ Other than the SC's Guidelines specified in Chart 1.

^ Federation of Investment Managers Malaysia.

\* Section 317A CMSA-causing wrongful loss to a listed corporation.

\*\* *Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries.*

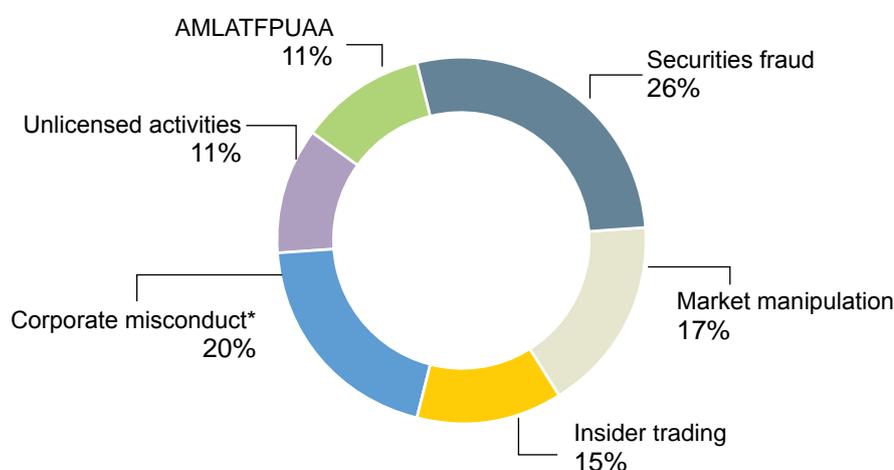
\*\*\* *Securities Industry (Central Depositories) Act 1991.*

The total number of active investigations as at 31 December 2021 were 46. While the SC continued to dedicate substantial resources to conduct investigations relating to securities fraud and market manipulation offences, investigations on corporate misconduct has emerged as the second highest percentage of active investigations carried out in 2021 (Chart 2).

In 2021, the SC concluded 22 investigations. Consistent with the SC's enforcement priorities, more than 55% of completed investigations in 2021 relate to unlicensed activity and securities fraud. Corporate misconduct, which constitutes 14% of the total completed investigations, includes disclosure breaches relating to securities laws which is one of the SC's enforcement priorities in 2021 (Chart 3).

Chart  
2

## Active investigations by nature of offences

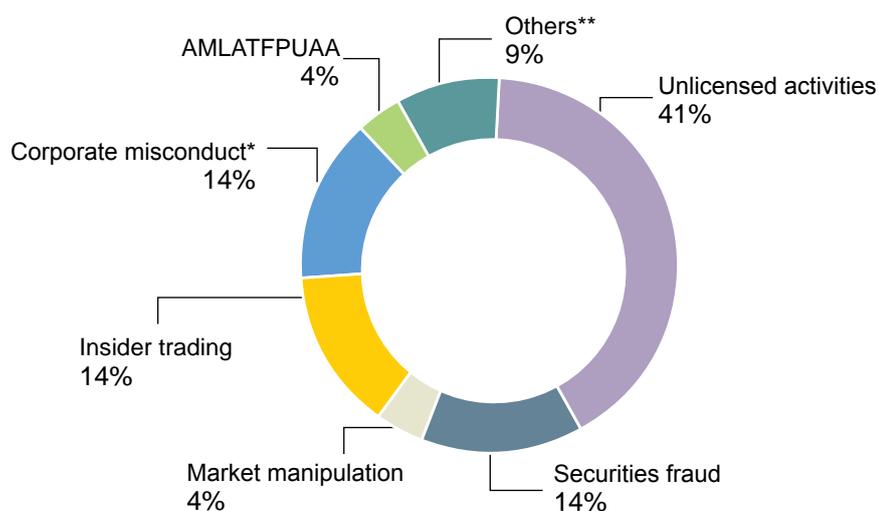


Note:

\* Includes disclosure breaches relating to securities laws.

Chart  
3

## Completed investigations by nature of offences



Note:

\* Includes disclosure breaches relating to securities laws.

\*\* Relates to other breaches of securities laws.

Paramount to the investigation process is the gathering of documentary and oral evidence. The SC's Investigating Officers are equipped with investigation powers under the SCMA to facilitate the gathering of such admissible evidence.

In 2021, the SC had analysed 109 boxes of documents and digital devices to gather relevant information. Separately, the SC's digital forensics team had reviewed and extracted digital evidences from a total of 72 digital devices and 138 online sources.

In 2021, witness statements from a total of 142 individuals were recorded by the SC's Investigating Officer. 65% of these statements were recorded from investors/securities account holders, PLC employees, and PLC directors/senior management (Chart 4).



In addition to gathering documentary and oral evidence locally, the SC sought assistance from foreign supervisory authorities under the IOSCO Multilateral Memorandum of Understanding (MMoU) on Consultation and Co-operation and Exchange of Information to obtain evidence, particularly documents relating to banking and securities transactions from foreign entities and the search for persons sought and wanted by the SC.

In 2021, the SC made 36 requests for investigative assistance to 15 foreign supervisory authorities (Table 1). Additionally, the SC rendered assistance to 3 foreign supervisory authorities in relation to 4 requests for investigative assistance.

Table 1 Request for investigative assistance	
Jurisdictions	No. of requests
Singapore	7
UAE	5
Hong Kong	4
United Kingdom	3
Qatar	3
India	3
British Virgin Island	2
Sri Lanka	2
China	1
Indonesia	1
New Zealand	1
United States	1
Luxembourg	1
Saudi Arabia	1
Bahrain	1
<b>Total</b>	<b>36</b>

## ADMINISTRATIVE ACTIONS

In 2021, a total of 136 administrative sanctions were imposed by the SC for various misconducts and breaches of securities laws including submitting to the SC a prospectus that contained financial statements that were false or misleading, breach of AML Guidelines, knowingly causing the furnishing of false or misleading information to Bursa, operating a recognised market (DAX) without registering with the

SC, breach of take-over and merger provisions, and late submission of documents under the LOLA Framework.

Sanctions imposed on the parties in breach comprised reprimands, issuances of public statements, imposition of penalties and directives, requirement to make restitution, and refusal to accept or consider any submission to the SC under Part VI of the CMSA (See Table 2).

Table  
2

Administrative actions taken in 2021 by types of sanction and parties in breach

Parties in breach	Types of sanction					
	Reprimand	Public Statement	Penalty	Directive	Restitution	Refusal to accept or consider any submission to the SC under Part VI of the CMSA
Licensed persons	1	-	4	-	-	-
PLCs or company applying for listing	5	-	-	-	-	-
Directors/senior management of PLC or company applying for listing	17	2	-	-	-	-
Registered person	4	-	4	3	-	-
Principal adviser	-	-	-	2	-	1
Persons acting in concert	33	-	6	1	-	-
Unlicensed DAX/CEO	6	-	-	5	-	-
Other entities/individuals <sup>1</sup>	34	-	7	-	1	-
<b>TOTAL</b>	<b>100</b>	<b>2</b>	<b>21</b>	<b>11</b>	<b>1</b>	<b>1</b>

Note:

- <sup>1</sup> 1 individual found to be the beneficial owner of deposited securities in the Central Depository System (CDS) account of another individual, 1 individual who engaged in an act, practice, or course of business which operated as a fraud in connection with transactions involving dealing in derivatives, 5 UTCs who executed unauthorised transactions on the unit trust account of a local bank's clients and knowingly provided statements to the local bank's clients which contained false or misleading information, and 1 entity who held itself as a holder of CMSL for the regulated activities of financial planning and investment advice.

In 2021, a total of RM2.865 million in penalties were imposed on the following parties:

- 2 registered persons for their delay in submitting the monthly post-issuance report for their structured product programme;
- 3 licensed intermediaries for their delay in submitting the monthly investment report of their WFs;
- 2 registered persons for their delay in submitting the post-issuance notices to the SC on behalf of the corporate bonds/sukuk issuers;
- 3 UTCs for executing unauthorised transactions on the unit trust account of a local bank's clients and knowingly providing statements to the local bank's clients which contained false or misleading information;
- 2 UTCs for executing unauthorised transactions on the unit trust account of a local bank's clients, committing forgeries of a client's signature on documents submitted to the local bank and an ex-employee of the local bank, and knowingly providing statements to the local bank's clients which contained false or misleading information;
- 1 individual found to be the beneficial owner of deposited securities in the CDS account of another individual;
- 1 individual for engaging in an act, practice, or course of business which operated as a fraud in connection with transactions involving dealing in derivatives by inducing the victim to transfer monies purportedly for margin deposits to the individual's account and engaged in and held interest in another business without seeking prior approval from his employer;
- 1 licensed intermediary for failure to conduct due diligence and scrutiny on its customers throughout the course of the business relationship and failure to reclassify its

customer(s) as higher risk and lodge a suspicious transaction report to the relevant authority;

- 1 individual and 2 groups of persons acting in concert for triggering the mandatory offer obligation in 3 separate companies; and
- 3 individuals who were persons acting in concert with an offeror, who had disposed shares held in the offeree company during the offer period without the prior consent of the SC.

## INFRINGEMENT NOTICES

Apart from administrative actions under its statutory powers, the SC also utilises other forms of non-statutory enforcement tools in the exercise of its monitoring, gate-keeping, and supervisory functions.

Infringement notices are issued where breaches of securities laws or guidelines detected do not warrant the initiation of a formal enforcement action or the imposition of an administrative action.

Infringement notices issued by the SC included the following:

- **Supervisory letters involving infringement** – issued pursuant to the exercise of a supervisory function or the conduct of an examination under section 126 of the SCMA.
- **Warning letters** – issued pursuant to the discharge of the SC's gate-keeping function such as the issuance of licences, approval of corporate proposals, and review of prospectuses. Warning letters may be issued to licensed, registered persons, or other professionals or experts.
- **Non-compliance letters** – issued pursuant to the discharge of the SC's gate-keeping function for minor breaches.
- **Cease and desist letters** – issued to stop or prevent violation of securities laws. Cease and desist letters may be issued to a person who is

committing or about to commit an infringing act. Failure to comply with the cease and desist order may attract formal enforcement action by the SC.

In 2021, a total of 133 infringement notices were issued by the SC as detailed in Table 3.

Type of infringement notices	Total
Supervisory letters involving infringement	41
Warning letters	22
Non-compliance letters	42
Cease and desist letters	28
<b>TOTAL</b>	<b>133</b>

## ONGOING COURT CASES FOR 2021

In 2021, there were 31 ongoing cases at various levels of courts from the Sessions Court up to the Court of Appeal involving 52 individuals (Table 4).

Court	No. of cases	No. of individuals
Sessions Court (Criminal)	10	20
High Court (Criminal)	5	7
Court of Appeal (Criminal)	4	6
High Court (Civil)	9	16
Court of Appeal (Civil)	3	3
<b>TOTAL</b>	<b>31</b>	<b>52</b>

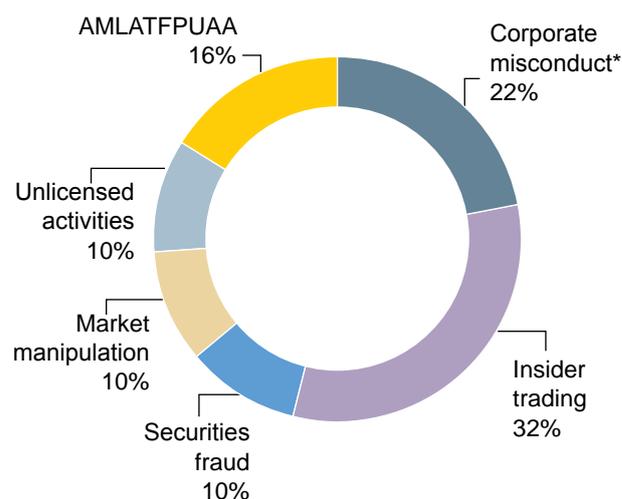
The nature of cases ranged from corporate misconduct (22%), insider trading (32%), securities fraud (10%), market manipulation (10%), unlicensed activities (10%), and AMLATFPUAA (16%) (Table 5 and Chart 5).

Type of offence	No. of cases	No. of individuals
Corporate misconduct*	7	17
Insider trading	10	13
Securities fraud	3	5
Market manipulation	3	6
Unlicensed activities	3	4
AMLATFPUAA	5	7
<b>TOTAL</b>	<b>31</b>	<b>52</b>

Note:

\* Includes disclosure and falsification breaches under securities laws.

Chart 5  
Breakdown of nature of cases by percentage



Note:

\* Includes disclosure and falsification breaches under securities laws.

## CIVIL ENFORCEMENT ACTIONS 2021

In 2021, the SC initiated civil enforcement actions against 10 individuals. A total of RM4,962,565.81 was disgorged from 10 individuals who entered into regulatory settlements and a further RM2,690,741.42 was disgorged through consent judgments from 8 individuals. Additionally, the SC was successful in a civil suit filed in 2013 whereby the Kuala Lumpur High Court ordered 6 defendants to pay RM13,352,250.00 in restitution for their role in the Euro Deposit Investment (EDI) scheme and that the defendants' assets be traced and paid to the SC to compensate the EDI scheme investors. A total payment of RM2.5 million in civil penalties was also obtained by the SC for the year 2021.

As of 31 December 2021, a total of RM2,741,864.85 was restituted to 721 investors. A further RM1,601,388.79 was earmarked for further restitution involving 501 investors. Through the SC's civil enforcement actions, 5 individuals were restrained from trading in the stock exchange while 7 individuals were barred from becoming directors of PLCs.



[Read more on the SC's civil enforcement actions](#)

## CRIMINAL ENFORCEMENT ACTIONS 2021

In 2021, the SC charged 6 individuals and 1 PLC with 10 criminal charges relating to various offences such as unlicensed activities, false financial disclosures and falsification of records. In addition, the SC, together with the Attorney-General's Chambers, filed asset forfeiture applications under the AMLATFPUAA against a private company and 1 individual to forfeit seized property worth millions in connection with several schemes to defraud Bright Packaging Industry Bhd (BPI) which included the sale of securities via BPI's rights issue, private placement, and ESOS exercises.

Also in 2021, the SC managed to secure convictions against 3 individuals involved in various breaches of securities laws such as insider trading, misleading financial disclosures, and failure to appear before an Investigating Officer of the SC in connection with an investigation under the AMLATFPUAA.

The sentence imposed by the courts upon these convictions were imprisonment terms of 1 day jail and total fines of RM7,575,000.



[Read more on the SC's criminal enforcement actions](#)

# INVESTOR EMPOWERMENT INITIATIVES

In 2021, the SC retained its focus on online or virtual sessions, digital media, and television as the means to continue reaching out to the public with its investor education initiatives.

## VIRTUAL INVESTSMART® FEST 2021



In October 2021, InvestSmart® organised its eighth instalment of the InvestSmart® Fest which was held virtually for the second time in a row. Virtual InvestSmart® Fest 2021 (Virtual ISF2021) with the theme, '#JagaDiri #JagaPelaburan', was also held in conjunction with the IOSCO's World Investor Week 2021 and in support of the Financial Education Network's (FEN) Financial Literacy Month (FLM) 2021.



Virtual ISF2021 attracted 4,625 participants and brought together more than 50 virtual exhibitors comprising capital market institutions, associations, industry players, and relevant agencies. These exhibitors showcased capital market products and services including stocks, bonds, unit trusts, PRS, ETF, ECF, P2P financing, DIM, and DAX.

As in previous years, over 450 free one-on-one financial planning sessions with licensed financial planners were offered to the public at the Virtual #FinPlan4U financial planning service desk held from 4 to 10 October 2021.

Leading up to Virtual ISF2021, InvestSmart® also organised the InvestSmart® Youth Public Speaking Competition for individuals between the age of 15 to 30 years old. The competition covered topics on financial literacy, investment, financial planning as well as anti-scam awareness. The final round of the competition took place during Virtual ISF2021.



## Anti-Scam Initiatives

### Virtual Scambuster Treasure Hunt 2021

The ScamBuster initiative to promote and reinforce the SC's anti-scam messages was held virtually for the first time since the COVID-19 pandemic in conjunction with the Virtual ISF2021. The event was held on 10 October 2021 and attracted 219 participants. All proceeds raised from this event went to the SC HEART, which is the SC's social responsibility and charity initiative.



### Facebook Malaysia #taknakscam Campaign

The SC participated in Facebook Malaysia's #taknakscam campaign, launched on 16 July 2021 and ran for 3 months. The campaign called for the public to remember 3 simple steps 'Spot, Check, Report' or '*Kenal Pasti, Semak, Laporkan*' to stay vigilant in identifying, verifying, and reporting financial scams. With that, various infographics and videos were created by Facebook Malaysia and posted on InvestSmart® social media platforms. The other partners in this campaign were the Ministry of Domestic Trade and Consumer Affairs, PDRM, Bursa Malaysia, MCMC, Cybersecurity Malaysia, The Association of Banks in Malaysia, the Federation of Malaysian Consumers Associations, and the Education and Research Association for Consumers, Malaysia.



## InvestSmart® Anti-Scam Posters

InvestSmart® took up advertising slots in the PDRM and Universiti of Malaya (UM) Finance Association online bulletins to promote anti-scam messages to the PDRM and UM communities. Through these posters, InvestSmart® was able to reach out to more than 20,000 people.



## Anti-Scam Video

A short video was created to warn the public of 'investment opportunities' offered on social media platforms. This video garnered over 46,000 views across InvestSmart®'s social media platforms and YouTube channel.



### Anti-scam awareness postings on InvestSmart® social media platforms



InvestSmart® continues to leverage its social media platforms i.e. Facebook, Instagram, and Twitter to promote public anti-scam awareness. These included alerting the public on new inclusions and updates to the SC's *Investor Alert List*.

### Public service announcements on all TV channels



The SC continues its collaboration with the Ministry of Multimedia and Communication Malaysia to promote investment literacy and anti-scam awareness messaging nationwide.

The InvestSmart® 'Silap Labor Duit Lebur' 3-part anti-scam awareness videos were televised on all local TV stations for 3 months from 1 January 2021 to 31 March 2021.

## InvestSmart® Education

### Digital Literacy for Seniors Programme

The Digital Literacy for Seniors Programme was first rolled-out in December 2020 to create awareness and achieve digital financial inclusion through free monthly webinar sessions for the 'silver-hair' population, aged 55 years and above. In this regard, 12 webinars were conducted throughout 2021, attended by 880 participants. These webinars were recorded and uploaded on the InvestSmart® YouTube channel for wider reach.



### InvestSmart® Online Series Webinars

Starting from January 2021, free monthly webinars were organised for the public to gain knowledge on the basics of capital market products and services. These webinars not only provided knowledge on products and services but also guided investors on how and where to invest, including online. A total of 1,281 participants attended 12 webinars conducted throughout 2021. These webinars were recorded and uploaded on the InvestSmart® YouTube channel for wider reach.



## OECD/INFE Global Money Week 2021

The Global Money Week 2021, organised by the Organisation for Economic Co-operation and Development/International Network on Financial Education (OECD/INFE), was held from 22 to 28 March 2021, with the theme 'Take care of yourself, take care of your money'. In conjunction with this event, InvestSmart® organised a webinar on 23 March 2021 to educate the public on the importance of savings and to begin investing earlier in life. The target audience for this webinar were students of higher learning institutions. The SC collaborated with the Ministry of Higher Education (MOHE) to garner student participation from public and private universities, polytechnics, and community colleges. The webinar featured a speaker from Raiz Malaysia Sdn Bhd, a DIM entity licensed with the SC. The webinar was attended by 117 participants.



Additionally, specific social media postings in line with the theme were also made on InvestSmart®'s Facebook, Instagram, and Twitter throughout the week from 22 to 28 March 2021.



## InvestSmart® @ 8TV Money Matters

InvestSmart® was invited for an interview on 8TV's Money Matters, a popular Mandarin investor education TV programme, to talk about unlicensed investment advisers. The programme was aired on 5 March 2021. During the session, InvestSmart® reminded investors not to engage unlicensed investment entities or individuals including unlicensed investment advisers and the pitfalls of dealing with unlicensed parties.

## InvestSmart®'s social media postings on Facebook, Instagram, and Twitter

InvestSmart® continues to make full use of its social media platforms to reach out to the public with bite-sized information to further expose them to capital market products and services. Numerous social media postings were made in multiple languages on InvestSmart®'s Facebook, Instagram, and Twitter, which have more than 70,000 followers.



## COLLABORATIVE EVENTS

The SC and InvestSmart® also participated in collaborative events organised by other agencies/institutions. These events were:

### IOSCO World Investor Week 2021 (4 – 10 October 2021)

The SC participated as a speaker in the pre-recorded regional webinar created in conjunction with IOSCO's World Investor Week 2021 held from 4 to 10 October 2021.

The regional webinar included speakers from the Investor and Financial Education Council of Hong Kong, the Securities and Exchange Board of India, and the Monetary Authority of Singapore. The speakers discussed observations on investment scams and financial education initiatives. Also discussed were other measures undertaken to address some of the challenges faced and areas of focus for investor education and protection in relation to fraud and scam prevention.



### InvestSmart® @ Arus Academy's Demo Kelas – Celik Kewangan

InvestSmart® participated in a *Demo Kelas – 'Celik Kewangan'* in conjunction with the Global Money Week 2021. A 30-minute video was showcased as a teaching tool for teachers, featuring 5 guest speakers deliberating on various topics based on 'Celik Kewangan' modules for school children. InvestSmart® did a 6-minute pre-recorded session in Bahasa Malaysia and answered 3 questions on the assigned topic of savings and investment. The session was attended by 566 participants.

### InvestSmart® @ RinggitPlus' Personal Finance Masterclass

InvestSmart® was invited to speak on investment scams at the RinggitPlus' virtual Personal Finance Masterclass (PFM) titled 'Helping Malaysians to be Money Smart' on 26 March 2021 in conjunction with the Global Money Week 2021, and another PFM session held on 1 April 2021, titled '*Membantu Rakyat Malaysia Menjadi Bijak Wang Memahami Penipuan Pelaburan Di Dunia Siber*'. A total of 196 participants attended both sessions.

### InvestSmart® @ Malaysia Financial Planning Council – My Money and Me Programme

SC once again participated in Malaysia Financial Planning Council's (MFPC) online My Money and Me Programme for 2021. MFPC organised 6 online workshops starting from 27 March 2021, targeting participants nationwide. The workshop aimed to promote the importance of financial planning and cultivate good saving habits and smart investment culture among the youth. InvestSmart® presented a topic on '*Perkara-Perkara Asas Dalam Pelaburan and Bagaimana Mengelakkan Skim Penipuan Pelaburan*'. The 6 workshops attracted 3,626 participants.



### InvestSmart® @ Sembang-sembang Amanah Saham Nasional Bhd

Amanah Saham Nasional Bhd (ASNB) has been conducting the '*Sembang-Sembang ASNB*' webinar series for the public since early 2020. InvestSmart® was invited to speak at the following 2 sessions attended by 248 participants:

- 16 April 2021 – '*Skandal Penipuan Terbaru dalam Dunia Pelaburan (Anti Penipuan)*'; and
- 27 August 2021 – '*Apakah Clone Scam dan Bagaimana Langkah Pencegahan?*'.

### InvestSmart® @ Pusat Wanita Berdaya Selangor DUN Bukit Gasing

On 17 June 2021, InvestSmart® was invited to give a talk titled 'Avoid Investment Scams: Learn How'. YB Rajiv Rishyakaran, the State Assemblyman for Bukit Gasing gave the welcoming remarks. The online session was attended by 15 participants and also live-streamed on Facebook.

### InvestSmart® @ Malaysia Digital Economy Corporation #SayaDigital

InvestSmart® was invited to speak at 2 webinars by Malaysia Digital Economy Corporation (MDEC) under its '*#SayaDigital*' campaign. A total of 270 participants attended the 2 webinars on the followings dates and topics presented were:

- 21 August 2021 – '*7 Langkah Elak Jadi Mangsa Skim Penipuan Pelaburan*'; and
- 26 November 2021 – '*Skim Penipuan Pelaburan Di Alam Siber*'.



### InvestSmart® @ Arus Academy – ‘Guru Celik Kewangan Masterclass’

InvestSmart® was invited by Arus Academy again on 4 September 2021 to speak at its Masterclass session on the topic titled ‘*Silap Labur Duit Lebur*’. This session, which was attended by 25 teachers, is part of a financial literacy certification programme for teachers.

### InvestSmart® @ BNM's Virtual Sarawak Financial Awareness 2021

Virtual Sarawak Financial Awareness (ViSFA) 2021 was held to promote greater awareness on current issues in relation to financial services and financial consumer well-being as a whole. On 5 October 2021, InvestSmart® was invited to be a speaker on the topic of ‘Illegal Investment Schemes – Jurisdictions and Challenges’. The session was attended by 468 participants.

### InvestSmart® @ BNM's Siri Webinar Penipuan Kewangan

A webinar series organised by BNM's *Amaran Scam* team from October to November 2021. The SC was invited to be a panellist on the topic of ‘*Skim Cepat Kaya: Dijanjikan Keuntungan Berganda, Biarlah Berpada*’. The session, held on 13 October 2021, was attended by 579 participants via *Amaran Scam*'s Facebook live.

**Siri Webinar Penipuan Kewangan**  
Soal. Sekat. Sebar

**Skim Cepat Kaya: Dijanjikan Keuntungan Berganda, Biarlah Berpada**  
Ikuti sesi webinar ini untuk kenal, faham dan mendapat tip-tip melindungi diri daripada menjadi mangsa penipuan kewangan

**Moderator**  
Fiza Sabahan

**Panel**  
Kamarul Rozman Nordin  
Penolong Pengurus Besar  
Suruhanjaya Sekuriti

**Panel**  
Hasni Hashim  
Timbalan Pengarah  
Bank Negara Malaysia

**Panel**  
Dr. Ahmad Rizal bin Mazlan  
Dekan Penyelidikan dan  
Jaringan Industri  
UiTM, Kuala Lumpur

Rabu, 13 Okt. 2021  
8:30 mlm. - 9:30 mlm.  
FB LIVE Amaran Scam  
RSVP : <https://fb.me/e/1Mfa05tES>

Hadiah menarik menanti anda

FEN | BANK NEGARA MALAYSIA | AMARAN SCAM

### InvestSmart® @ the Federation of Investment Managers Malaysia Annual Conference 2021

The Federation of Investment Managers Malaysia (FIMM) Annual Convention is FIMM's flagship event where unit trust UTS and PRS consultants, members of the investment management industry, and the public come together to share, learn, and discuss impactful topics across the fund management industry. InvestSmart® was invited to give a talk on the topic ‘Know your rights as an investor’. The online session was attended by 650 participants.

### InvestSmart® @ Amazing Seniors by Hire Seniors

Amazing Seniors is a platform that eases connectivity and communication between individuals aged 50 and above, providing all the relevant and necessary services to cater to their needs and interests. The platform was launched by Hire Seniors, a social enterprise focusing on connecting mature and experienced professionals, senior citizens, and retirees to suitable employment with companies in need of talent and experience. The launch was carried out with a 3-day event themed ‘Life begins at 50’ and InvestSmart® was invited to give a talk on ‘Avoid Investment Scam: Learn How’ on 12 November 2021. The session was attended by 190 participants.

AMAZING SENIORS  
**LIFE BEGINS AT 50**  
zoom 2pm-5pm | 12.11.2021

**How to protect your sight while getting wiser**  
Dr. Wilson Wong  
Liaison Officer Eye Hospital (HOBAM)  
2.00PM

**Avoid Investment Scams: Learn How**  
Jeanette George  
Securities Commission Malaysia  
4.00PM

**Positive Aging Through Healthy Joints**  
Dr Suhail Suresh  
Liaison Medical Director  
3.00PM

**Common eyelid problems in elderly & Age-related macula degeneration**  
Dr Tai Lai Yung / Dr Wong Hon Seng  
Ophthalmologist  
5.00PM

**REGISTER NOW**  
<https://amazingseniors.my/events/>

**Lucky Draw**  
WORTH UP TO  
**RM 10,000**

## Financial Education Network

### FEN Webinar for School Principals and Headmasters

The SC led the FEN Secretariat to organise a series of financial literacy webinars for school principals and headmasters in Malaysia. The webinar series was organised in collaboration with the Ministry of Education and Institut Aminuddin Baki (IAB), the training institute for school principals and headmasters.

The SC kick-started the webinar series on 7 September 2021 with the topic '*Skim Penipuan Pelaburan Terkini dan Langkah untuk Menjadi Pelabur Bijak*'. The SC subsequently organised another 2 webinars on 27 October 2021 and 25 November 2021 with speakers from BNM and AKPK respectively. During these 2 webinars, the SC took the opportunity to share anti-scam awareness messages with the attendees. The 3 webinars were attended by 1,688 school principals and headmasters via Zoom and YouTube live.



### Financial Literacy Month 2021

This year's FLM 2021 was once again held throughout the month of October 2021 with the theme '*Navigate Your Finances: Stay Safe, Act Wisely/Tentukan Hala Tuju Kewangan Anda: Jaga Diri dan Bertindak dengan Bijak*'. On 7 October 2021, the SC as Co-Chair of FEN appeared on 'TV3's Malaysia Hari Ini' to create awareness on FLM 2021 and share insights on planned initiatives during the month. FLM 2021 was launched by YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Minister of Finance.



The SC also participated in the FLM 2021 FINALE which was anchored by BNM. FLM 2021 FINALE was a 3-day virtual event held from 29 to 31 October 2021 which garnered 8,202 registrations. Various initiatives on financial education topics ranging from financial management and planning, protection, and financial scams were covered during this event. There were over 40 exhibitors and advisory services with various agencies. The SC took up a virtual booth and engaged with 1,281 visitors.

# COMPLAINTS AND ENQUIRIES

In 2021, the SC received:



Table 1 Complaints and enquiries			
Type	2021	2020	2019
Complaints	1,857	1,482	821
Enquiries	3,464	2,193	1,336

Chart 1  
Classification of complaints

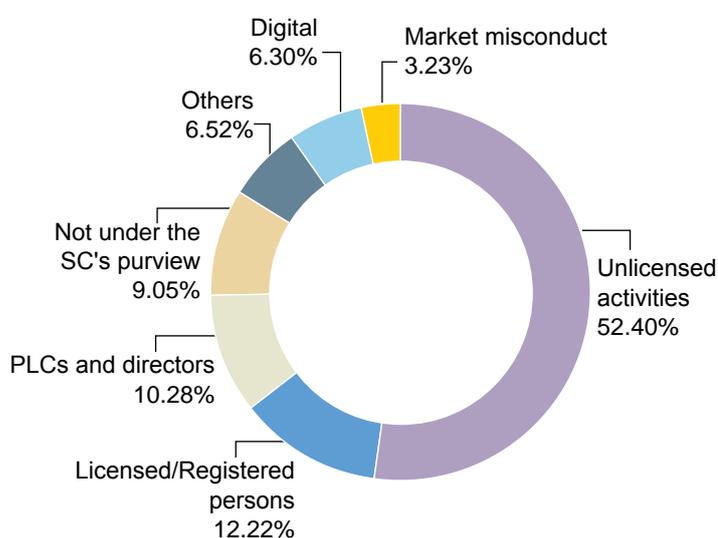
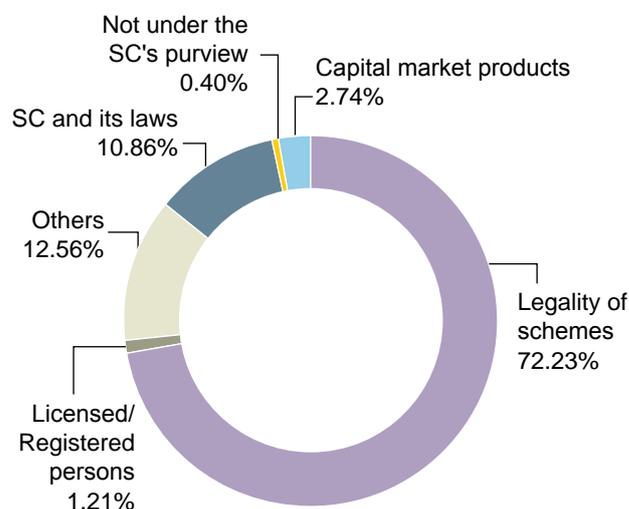


Chart 2  
Classification of enquiries



# PEOPLE

In the second year of navigating the new normal, the SC was better prepared to efficiently respond to the various evolving changes in 2021. While it proved to be a challenging year with the extended remote working arrangement, the SC continued to lead various initiatives to assist and support employees. The bar for people practices was raised and put to the test. These reaffirmed the SC's strategies, aligned to the core purpose of serving, developing, and retaining its people. Agility was one of the capabilities required to be able to quickly adapt to the changes in the marketplace.

One of the biggest effects of the pandemic has been reduced human (face-to-face) interaction due to the adoption of the hybrid-working model. To assure assimilation and reintegration among employees, the SC developed and implemented a wide range of modified policies, programmes, and procedures. This included instituting remote work arrangements to keep employees safe. At the same time, automated HR work transactions were further enhanced to manage critical HR transactions via online workflow systems. The SC also digitised some of the work processes and systems to enable operational continuity across the board. Virtual learning interventions were conducted to enhance professional skills and to further hone the skillsets of a model regulator.

## RECRUITMENT AND TALENT MANAGEMENT

Recruitment and onboarding sessions were conducted virtually and web-based assessment tools were used widely. This initiative ensured continuity of people resources and resulted in the recruitment of 104 candidates, of whom 86 were experienced hires and 18 Graduate Management Executives (including 6 returning scholars). In addition, the SC awarded career

progression opportunities to strong performing employees, testifying to the SC's recognition and reward efforts.

The SC also continued to provide opportunities for young graduates to gain knowledge and work experience in a regulatory environment. A total of 30 undergraduate students completed their internships in 2021.

In continuing the SC's talent management efforts, 8 employees were assigned for secondment or attachment programmes to gain greater learning, broaden work experience, and inculcate knowledge sharing. The SC also hosted 1 personnel from an enforcement agency under the regulatory attachment programme.

Adapting to the new norms of online learning and development, 99% of the SC's employees attended various programmes ranging from workshops to seminars and conferences, which demonstrated that employees are adapting well in continuously equipping themselves with the relevant digital skills and knowledge to face the evolving working landscape. Given the gravitating need towards digital technology, the SC introduced a Digital Curriculum whereby employees were required to complete 7 modules – 6 for executives and above, and 1 for non-executives. The components of the curriculum covered areas such as data analytics, digital assets, fintech, RegTech, SupTech, and the SC's digital initiatives.

Having deferred the SC Scholarship Awards for 2 years, the selection process was reinitiated with a targeted approach, focusing on specific skill requirements to build a pipeline of future-ready regulators. For the year 2021 batch, a total of 10 high-potential students will be awarded scholarships by the first quarter of 2022.

# GENDER & DIVERSITY

HEADCOUNT

# 788

(As at 31 December 2021)

## GENDER



MALE

**46.1%**



FEMALE

**53.9%**

## EMPLOYEE CATEGORY

Male Female

**1.7%** Top Management



**32.9%** Middle Management



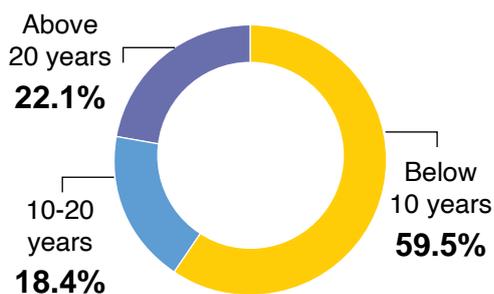
**43.7%** Executive



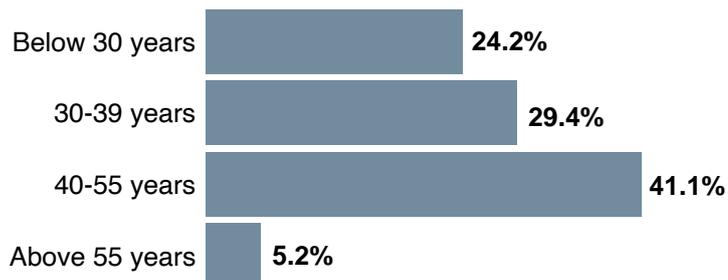
**21.7%** Support



## YEARS OF SERVICE



## EMPLOYEE AGE GROUP



# ACRONYMS AND ABBREVIATIONS

1MDB	1Malaysia Development Bhd
AANZFTA	ASEAN-Australia-New Zealand Free Trade Agreement
ABMS	Anti-Bribery Management System
ACMF	ASEAN Capital Markets Forum
AE	advanced economies
AMCS	Accounting, Market and Corporate Surveillance Committee
AML	anti-money laundering
AMLATFPUAA	<i>Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001</i>
AOB	Audit Oversight Board
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of South East Asian Nations
AUM	asset under management
BCMS	Business Continuity Management System
BMD	Bursa Malaysia Derivatives
BNM	Bank Negara Malaysia
Bursa Malaysia	Bursa Malaysia Securities Bhd
CCM	Companies Commission Malaysia
CCOB	Consumer Credit Oversight Board
CDS	Central Depository System
CFA	chartered financial analyst
CFD	contracts for difference
CG	corporate governance
CIS	collective investment schemes
CMDF	Capital Market Development Fund
CMM	Capital Markets Malaysia
CMP3	<i>Capital Market Masterplan 3</i>
CMSA	<i>Capital Markets and Services Act 2007</i>
CMSL	Capital Markets Services Licence
CMSP Guidelines	<i>Guidelines on the Registration and Conduct of Capital Market Services Providers</i>
CMSRL	Capital Markets Services Representative's Licence
COP26	26 <sup>th</sup> United Nations Climate Change Conference of the Parties
DAX	digital asset exchange
DEX	decentralised exchange
DF	Digital Forensics
DFI	development financial institution
DIM	digital investment management
ECF	equity crowdfunding
EME	emerging market economy
EPF	Employees Provident Fund
ERM	enterprise risk management

ERMC	Executive Risk Management Committee
ESG	environmental, social and governance
ETF	exchange-traded fund
FEN	Financial Education Network
FEPO	Crude Palm Oil Futures
FI	financial institution
FIKRA	FIKRA Islamic Fintech Accelerator Programme
FIMM	Federation of Investment Managers Malaysia
Fintech	financial technology
FMC	fund management companies
FMG	Malaysian government securities futures contract
FPKO	crude palm kernel oil futures
FSI	Financial Stress Index
GDP	gross domestic product
GLIC	government-linked investment companies
HNWE	high-net-worth entities
HNWI	high-net-worth individuals
ICDM	Institute of Corporate Directors Malaysia
ICM	Islamic capital market
IEO	initial exchange offering
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
IIC	Institutional Investors Council
INFE	International Network on Financial Education
INTAN	Institute of Public Administration
IOSCO	International Organization of Securities Commissions
IPO	initial public offering
IWG	Industry Working Group
JAR	Anti-Corruption Committee
JC3	Joint Committee on Climate Change
Labuan FSA	Labuan Financial Services Authority
LOLA Framework	Lodge and Launch Framework
MACC	Malaysian Anti-Corruption Commission
MCCG	<i>Malaysian Code on Corporate Governance</i>
MCII	<i>Malaysian Code for Institutional Investors</i>
MCMC	Malaysian Communications and Multimedia Commission
MCO	movement control order
MDEC	Malaysia Digital Economy Corporation
MFPC	Malaysia Financial Planning Council
MFRS	Malaysian Financial Reporting Standards
MGS	Malaysian government securities
MGTC	Malaysian Green Technology and Climate Change Centre
MKN	Malaysian National Security Council
MMoU	multilateral memorandum of understanding
MOF	Ministry of Finance
MoU	memorandum of understanding
MSME	micro, small and medium enterprise
MyCAC	Malaysian Climate Action Council
MyCIF	Malaysia Co-Investment Fund
NACP	<i>National Anti-Corruption Plan</i>

NAV	net asset value
NIA	National Investment Aspirations
OACP	<i>Organisational Anti-Corruption Plan</i>
OCIS	Oxford Centre for Islamic Studies
OECD	Organisation for Economic Co-operation and Development
P2P financing	peer-to-peer financing
PA	principal adviser
PDRM	Royal Malaysia Police
PE	private equity
PEMC	private equity management corporation
PENJANA	<i>National Economic Recovery Plan</i>
PERKUKUH	Perkukuh Pelaburan Rakyat Initiative
PLC	public-listed company
PRS	private retirement scheme
q-o-q	quarter-on-quarter
RegTech	regulatory technology
REIT	real estate investment trust
RMO	recognised market operator
RMO Guidelines	<i>Guidelines on Recognized Markets</i>
RPT	related-party transaction
RSS	regulated short selling
RTO	reverse take-over
SAC	Shariah Advisory Council
SC	Securities Commission Malaysia
SCMA	<i>Securities Commission Malaysia Act 1993</i>
SCxSC	SCxSC Annual FinTech Conference
SICDA	<i>Securities Industry (Central Depositories) Act 1991</i>
SIDC	Securities Industry Development Corporation
SIDREC	Securities Industry Dispute Resolution Center
SOCISO	Social Security Organisation
SPAC	special purpose acquisition company
SRI	sustainable and responsible investment
SRO	self-regulatory organisation
SROC	SC Systemic Risk Oversight Committee
STF	Sustainability Task Force
SupTech	supervisory technology
TFS-PS Guidelines	<i>Guidelines on Implementation of Targeted Financial Sanctions Relating to Proliferation Financing for Capital Market Intermediaries</i>
UK	United Kingdom
UNCDF	United Nations Capital Development Fund
UTF	unit trust funds
UTS	unit trust schemes
VC	venture capital
VCC	venture capital corporation
VCMC	venture capital management corporation
WC-CMD	ASEAN Working Committee on Capital Market Development
WC-FSL	Working Committee on Financial Services Liberalisation
WF	wholesale funds
WQ-FF	Waqf-featured Fund Framework
y-o-y	year-on-year

